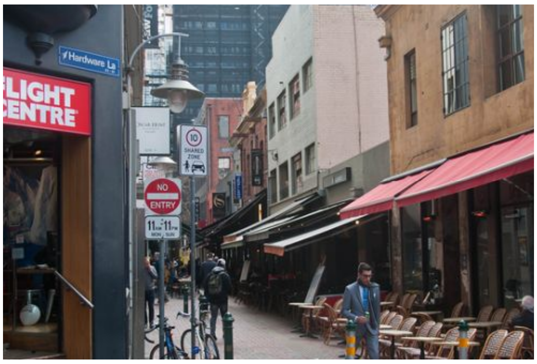
WEEK 32

STORIES TO READ FROM FNArena

Friday, 8 August 2025



Undervalued Flight Centre Awaits Travel Recovery

Behind The Rally in ASX Defence Stocks

Rudi's View: Five Bellwethers For August

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AUSTRALIA

The Market In Numbers - 2 Aug 2025

The Market In Numbers: Look under the bonnet and what do you see?

For most investors, whatever goes on in financial markets is experienced through their own portfolio and personal matters of interest.

The below detailed overview in raw numbers and calculations might assist with assessing trends and currents that might not be apparent from daily volatility and movements.

All index data are ex dividends. Commodities are in USD.

Australia & NZ

Index	02 Aug 2025	Week To Date	Month To Date (Aug)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	12729.400	-0.97%	-0.74%	1.00%	-2.91%	1.00%
All Ordinaries	8917.10	-0.19%	-0.91%	1.64%	5.90%	1.64%
S&P ASX 200	8662.00	-0.06%	-0.92%	1.40%	6.16%	1.40%
S&P ASX 300	8599.20	-0.08%	-0.92%	1.48%	6.18%	1.48%
Communication Services	1870.00	0.58%	-1.14%	0.92%	14.91%	0.92%
Consumer Discretionary	4245.10	2.56%	-0.72%	2.46%	8.54%	2.46%
Consumer Staples	12055.00	0.74%	-0.91%	-0.53%	2.43%	-0.53%
Energy	9143.10	-1.66%	-0.30%	5.39%	6.03%	5.39%
Financials	9330.30	1.45%	-1.08%	-2.09%	8.31%	-2.09%
Health Care	44498.40	-0.88%	-1.92%	6.96%	-0.86%	6.96%
Industrials	8437.00	1.31%	-0.54%	1.42%	10.34%	1.42%
Info Technology	2973.50	-0.63%	-2.38%	2.51%	8.49%	2.51%
Materials	16466.80	-3.92%	-0.22%	3.84%	2.12%	3.84%
Real Estate	3977.70	0.62%	-1.06%	2.03%	5.75%	2.03%
Utilities	9676.00	-0.97%	0.70%	5.85%	7.12%	5.85%
A-REITs	1829.50	0.62%	-1.09%	2.16%	6.47%	2.16%
All Technology Index	4190.00	-0.02%	-1.86%	3.61%	10.11%	3.61%
Banks	3924.70	1.61%	-1.10%	-2.43%	8.83%	-2.43%
Gold Index	10625.30	-4.00%	-1.28%	-8.06%	26.14%	-8.06%
Metals & Mining	5438.30	-4.28%	-0.06%	4.17%	3.48%	4.17%

The World

Index	02 Aug 2025	Week To Date	Month To Date (Aug)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	9068.58	-0.57%	-0.70%	3.51%	10.96%	3.51%
DAX30	23425.97	-3.27%	-2.66%	-2.02%	17.66%	-2.02%
Hang Seng	24507.81	-3.47%	-1.07%	1.81%	22.17%	1.81%
Nikkei 225	40799.60	-1.58%	-0.66%	0.77%	2.27%	0.77%
DJIA	43588.58	-2.92%	-1.23%	-1.15%	2.45%	-1.15%
S&P500	6238.01	-2.36%	-1.60%	0.53%	6.06%	0.53%
Nasdaq Comp	20650.13	-2.17%	-2.24%	1.38%	6.94%	1.38%

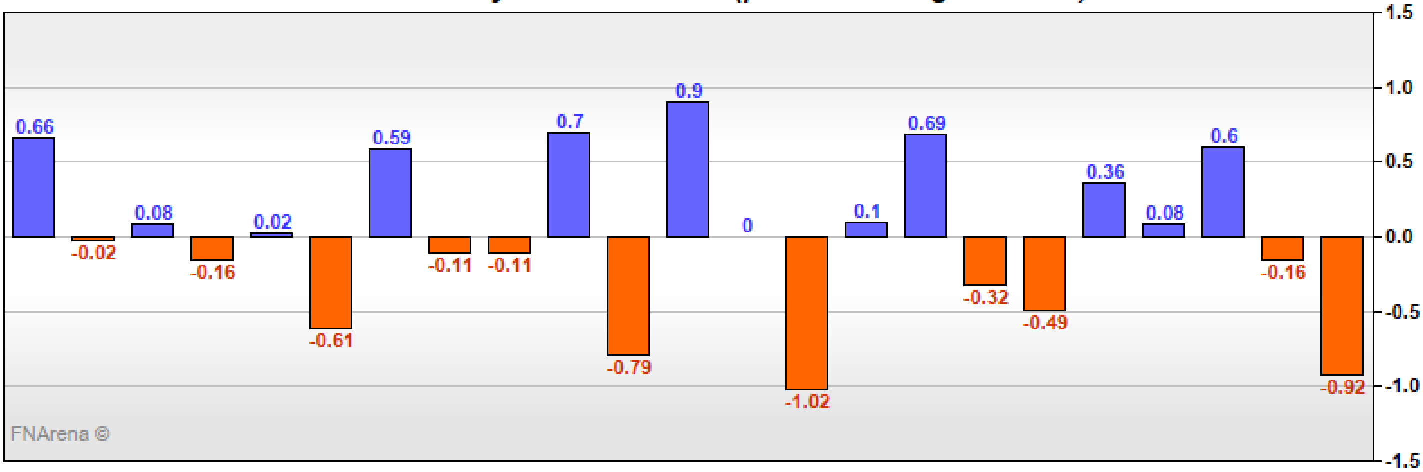
Metals & Minerals

Index	02 Aug 2025	Week To Date	Month To Date (Aug)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
Gold (oz)	3342.40	-0.86%	0.43%	1.21%	27.25%	1.21%
Silver (oz)	36.78	-6.52%	-0.93%	1.59%	21.69%	1.59%
Copper (lb)	4.4315	-23.95%	-4.29%	-13.03%	8.18%	-13.03%
Aluminium (lb)	1.1640	-3.27%	-1.60%	-1.29%	1.83%	-1.29%
Nickel (lb)	6.7151	-3.46%	-0.60%	-1.53%	-6.02%	-1.53%
Zinc (lb)	1.2551	-2.69%	-1.07%	-0.59%	-7.12%	-0.59%
Uranium (lb) weekly	71.00	0.00%	0.00%	-9.73%	-1.39%	-9.73%
Iron Ore (t)	99.12	0.55%	0.05%	4.90%	-4.55%	4.90%

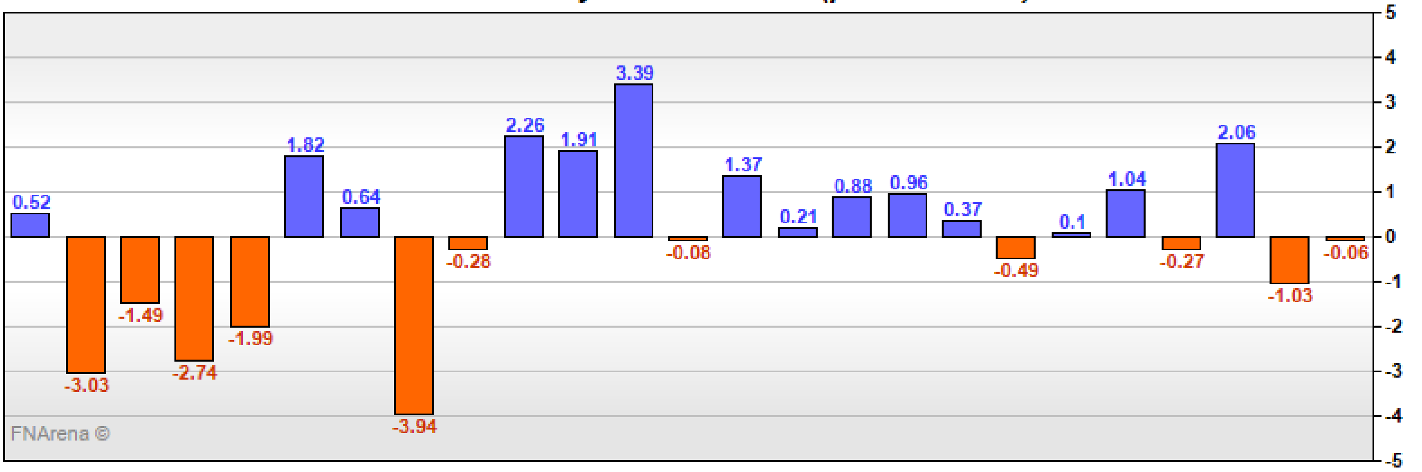
Energy

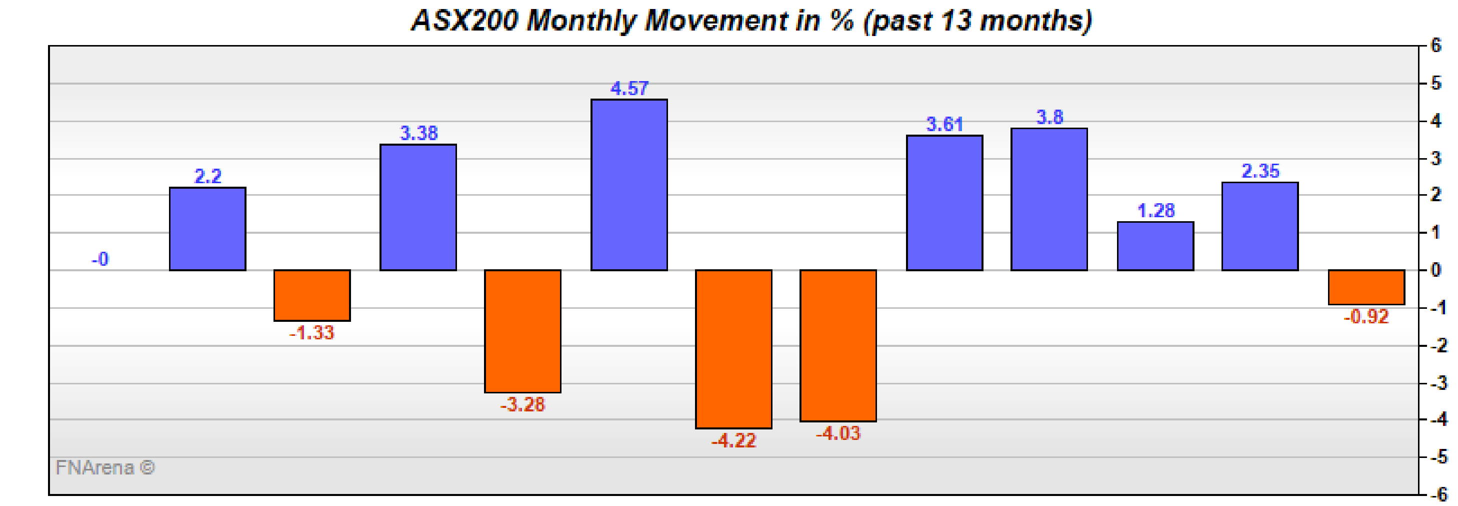
Index	02 Aug 2025	Week To Date	Month To Date (Aug)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
West Texas Crude	69.38	4.95%	-1.29%	5.89%	-0.14%	5.89%
Brent Crude	71.75	3.48%	-1.33%	7.41%	-1.12%	7.41%

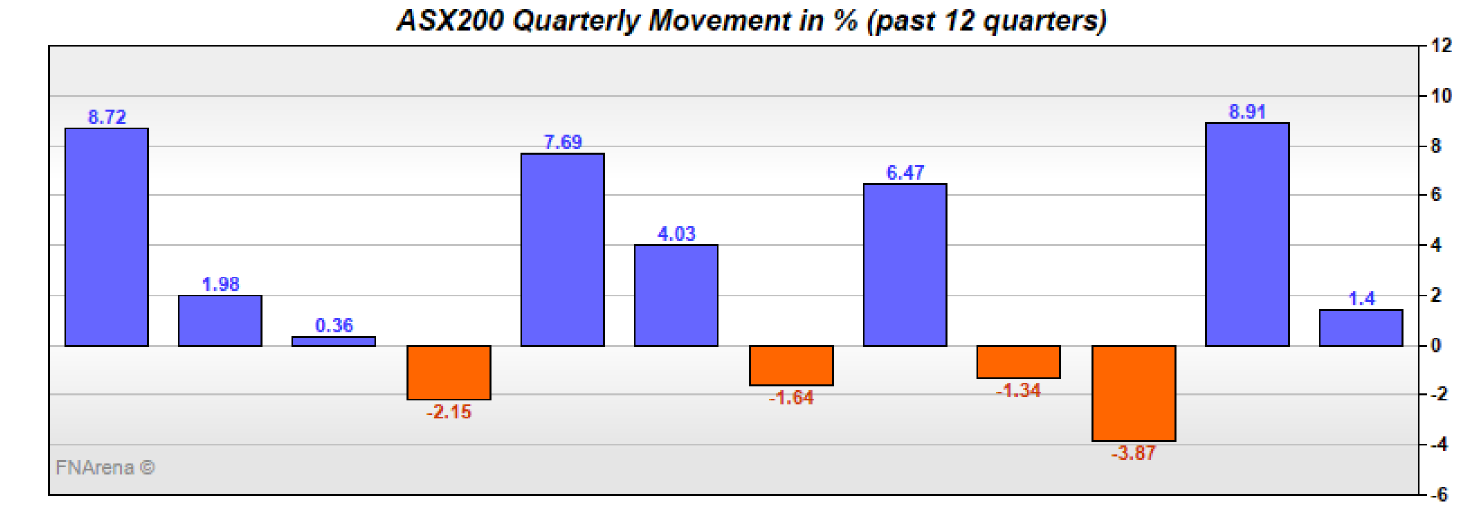
ASX200 Daily Movement in % (past 23 trading sessions)



ASX200 Weekly Movement in % (past 25 weeks)







The composition of above rankings and calculations is fully automated, based on raw data. Investors are advised to find context, interpretation and background elsewhere.

FNArena is not responsible for any glitches, omissions or data errors. This feature is not investment advice. It is offering a quick status on raw price movements for information purposes only.

FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

Consumer Spending Not What It Used To Be

Cost-of-Living pressures have reshaped the Australian Retail sector, time for a segmented spending analysis for investors.

-Australian consumers have become cautious, selective, and increasingly value-driven
-Higher inflation and budget pressures suggest retailers are facing a fundamental transformation
-Cautious consumer of 2025 represents both challenge and opportunity for a sector under pressure

By Valery Prihartono

The Australian consumer discretionary landscape in 2025 presents a compelling contradiction between modest spending improvements and deep-seated consumer caution that has fundamentally altered discretionary purchasing behavior.

This shift isn't about temporary market jitters. Rather, it represents a structural change in consumer psychology, driven by persistent cost-of-living pressures and economic uncertainty that continues to reshape retail dynamics across the country.

<u>The Cautious Consumer: When Data Meets Reality</u>

Despite retail spending climbing 4% year-on-year to $37.3bn in March 2025, and household spending lifting 0.9% month-on-month in May, consumer sentiment remains stubbornly below the critical 100-point optimism threshold at 93.1 in July 2025. This disconnect between spending data and sentiment captures the essence of today's Australian consumer: **cautious, selective, and increasingly value-driven**.

The numbers reveal the depth of this behavioural shift. Nearly three-quarters of Australians (74%) have altered their shopping patterns over the past year, with affordability ranking as the top priority for 84% of shoppers. The result is a clear preference for essential over discretionary spending, evident in the growth patterns across categories.

Essential services dominate spending growth, with Insurance (+15.3%), Education (+12.7%), Health (+11.9%), and Household Services (+9.2%) leading the charge. Meanwhile, discretionary spending, though showing monthly improvements in categories like Recreation and Hospitality, continues to lag significantly. January 2025 data showed seasonally adjusted year-on-year discretionary spending at just 1.8%, compared to 5.0% for non-discretionary categories.

Market expectations of RBA rate cuts --with 86% probability of a reduction to 3.60% implied at the July meeting-- initially boosted consumer sentiment 4.0% in March following February's rate cut. However, the RBA's decision to hold rates steady in July, against market expectations, underscores the fragility of consumer confidence and the delicate balance between economic policy and consumer behaviour.

The Tale of Two Australias: Divergent Spending Patterns

Perhaps nowhere is the complexity of the current consumer environment more evident than in the stark differences between household segments. The data reveal not one Australian consumer, but several distinct groups facing vastly different economic realities.

The Rental Reality

Renters continue to bear the heaviest burden, with per capita spending growth of just 2.0% annuall; significantly trailing homeowners with mortgages (+3.2%) and outright homeowners (+3.5%). This disparity reflects more than mere financial pressure; it represents a fundamental constraint on discretionary spending capacity.

With rents rising 7.6% in the year to February 2025 and less than 15% of rentals remaining affordable for low-income households in some areas, many renters face stark choices between necessities and any form of discretionary spending.

The "State of the Housing System 2025" report highlights cases where Australians skip meals to afford ren; a sobering reminder of how housing costs directly impact retail spending power.

Generational Divides

Age-based spending patterns reveal another layer of complexity. Younger Australians (18-39) are cutting back across the board. Those aged 18-29 reduced overall spending by -2%, with both essential (-2.3%) and discretionary (-1.9%) categories declining.

The 30-39 age group, many juggling rent or mortgage payments, recorded negative overall spending growth with -1.1% reductions in essential and -1% in discretionary spending.

For perspective, rent constitutes 8.9% of average household expenditure for 25-34 year olds, while home loan repayments represent 18.0% for this group and 22.3% for 35-44 year olds. These figures illustrate why discretionary spending remains under pressure for younger demographics.

In stark contrast, older Australians are increasing their spending. Those aged 60-69 lifted spending by 3.9%, while the over-70 group increased spending by 7.7%. This generational divide creates distinct market segments with vastly different spending capacities and priorities.

Retail's Strategic Response: The Value-First Playbook

Retailers have adapted to this new reality with strategies centred on value, convenience, and enhanced customer experiences. However, the gap between strategic ambition and execution capability presents both challenges and investment opportunities.

The Capability Gap

While 75% of retail leaders identify growth as their primary objective for 2025, turning to loyalty programs (56%) and first-party data strategies (52%), execution remains problematic. Only 40% report a clear, aligned customer experience vision, and just 47% measure customer experience as a key performance indicator.

More concerning, 64% rate their customer experience maturity as "emerging" at best, with similar deficiencies in data activation (82% emerging) and predictive analytics (50% nascent). This capability gap represents a significant investment opportunity for technology providers and a competitive advantage for retailers who bridge it effectively.

The Omnichannel Reality

Consumer behaviour has evolved beyond traditional channel boundaries, with 85% seamlessly switching between online and in-store shopping. This "hybrid shopping" approach demands retailers provide consistent experiences across all touchpoints.

Physical stores maintain significant advantages, with 61% of shoppers preferring in-store experiences for non-essential products. In-store shopping frequency exceeds online by over 30% weekly, and impulse buying occurs twice as frequently in physical locations compared to online platforms. These factors make store optimisation crucial for discretionary spending capture.

Online platforms excel in convenience and price comparison, though retailers must address persistent pain points including high shipping costs (troubling 63% of consumers), stock availability issues (affecting 50%), and delivery delays (concerning 36%).

Value-Driven Strategies

The shift toward value-conscious shopping has reshaped retail strategies. Nearly half of consumers (46%) are shopping less frequently, while 22% have switched to private-label products for savings. Crucially, 65% of shopping decisions now hinge on discounts and promotions, explaining why sales spikes often coincide with major promotional periods like Black Friday.

Retailers are responding with AI-powered personalisation, recognising its appeal to 42% of Millennials and 38% of Gen Z. However, AI adoption in retail generally lags broader market trends, creating opportunities for early movers.

Consumer segmentation has become more sophisticated, with retailers identifying three key mindsets:

-**Planners** (35%): Cautious, price-sensitive, requiring clear pricing and transparent policies

-**Conditional Growers** (44%): Open to increased spending for superior experiences, responding to flexible features like click-and-collect

-**Basket Boosters** (21%): Impulse-driven, convenience-focused, motivated by seamless experiences and loyalty benefits

Investment Implications: Navigating the New Consumer Landscape

The transformed Australian consumer discretionary sector presents nuanced investment opportunities requiring careful analysis of resilience factors, technological capabilities, and segment exposure.

Value-Focused Winners

Companies demonstrating clear value propositions through competitive pricing, robust loyalty programs, or quality private-label offerings are positioned to outperform. Discount retailers and businesses with strong cost management capabilities should benefit from the ongoing focus on value.

Omnichannel Excellence as Competitive Advantage

Investment in seamless online-to-offline integration has moved from strategic option to operational necessity. Companies excelling in consistent, frictionless customer experiences across all touchpoints will likely gain market share. This includes optimising physical stores for impulse purchases and high-value transactions while ensuring online platforms deliver convenience and price transparency.

Technology Infrastructure Opportunities

The significant capability gaps in customer experience, data activation, and AI adoption among retailers create compelling opportunities for B2B technology providers. Companies offering Customer Data Platforms, marketing automation, and AI-driven personalisation solutions should find receptive markets among retailers seeking competitive advantages.

Segment-Specific Exposure Analysis

Investor analysis should carefully examine companies' exposure to different household segments. Businesses catering to older, wealthier demographics may demonstrate more stable discretionary spending patterns, while those targeting younger or lower-income groups require highly agile, value-focused strategies to maintain relevance.

Macroeconomic Tailwind Monitoring

While consumer caution persists, anticipated RBA interest rate cuts and government cost-of-living relief measures could provide sector tailwinds. The $150 per household energy bill rebates and Stage 3 tax cuts aim to boost disposable income, potentially benefiting categories like electronics and home furnishings.

However, the uneven impact of these measures, combined with underlying inflationary pressures from the eventual removal of temporary energy subsidies, requires careful monitoring.

Conclusion: A Market in Transition

The Australian consumer discretionary sector is undergoing **fundamental transformation** rather than cyclical adjustment. Success for both retailers and investors depends on understanding the cautious, value-driven consumer mindset, executing seamless omnichannel strategies, and strategically adopting technology to personalise experiences while driving operational efficiency.

This environment rewards nuanced approaches that prioritise resilience and adaptability over traditional growth metrics. For sophisticated investors, the key lays in identifying companies that not only understand these evolving consumer demands, but possess the operational capabilities to respond effectively.

The cautious consumer of 2025 represents both challenge and opportunity. Companies that successfully navigate this landscape by delivering genuine value while maintaining operational excellence will emerge stronger, creating attractive investment propositions in an otherwise challenging discretionary spending environment.

AUSTRALIA

Undervalued Flight Centre Awaits Travel Recovery

Flight Centre has downgraded FY25, again, but FY26 should see some improvement, and analysts see the stock as materially undervalued.

-Travel agent Flight Centre issued second FY25 profit warning
-Numerous negative factors at play
-FY26 could be a 'better', i.e. 'normal' year
-Buy ratings abound amidst undervaluation

By Greg Peel

Flight Centre Travel's ((FLT)) pre-released unaudited FY25 trading results indicated an underlying profit of $285-295m. At the midpoint this is -9.5% below its previous guidance of $300-330m updated in April.

That April market update represented a -15% downgrade from prior guidance.

So what went wrong? Let me count the ways.

Flight Centre's earnings coming out of covid were on a sharp recovery, as was the travel industry, but that rate has slowed as we approach “normal” levels of activity.

Airlines themselves needed to recover from covid, and one way was to reduce overrides paid to travel agencies -- volume bonuses paid by airlines to agents exceeding certain sales targets. Qantas Airways ((QAN)) wasted no time doing so in 2021, while a reanimated Virgin Australia ((VGN)) followed in 2024. The material reduction in overrides now paid by Qantas and others was the key factor that hurt Flight Centre earnings in FY25.

Cost of living pressures over FY25 drove Australians to opt for medium-haul flights (eg to Asia) over more costly long-haul flights (US, Europe). Leisure travel to the US has also been hit by falling demand, thanks to Trump’s America and mistreatment of Australian travellers entering the US.

Conflict in the Middle East has also reduced demand for travel to the UK and Europe, given flights pass overhead.

Flight Centre has taken up higher debt provisions due to non-collections of debts in the Asia Corporate business, The full-year loss for this business will now be materially above previous guidance of -$8-10m.

Yet, despite all of the above, Flight Centre’s total transaction volume (TTV) grew 3.2% in FY25, 1% ahead of consensus.

The question for analysts is to what extent these factors will continue to impact in FY26.

Skies Clearing

Asian Corporate issues are considered a one-off problem that will not continue into FY26.

Expected RBA interest rate cuts ahead will ease cost of living pressures and potentially lead to more normal international travel demand, although likely not to the US.

The Middle East conflict will end, probably.

Looking into FY26, Jarden finds the corporate TTV pipeline is strong, while the leisure base is softer. Return on invested capital should improve, supported by a cost-out strategy now initiated and a -15-20% reduction in capex.

Improving global sentiment, improving corporate industry structure (via merger progress between America's number one and number four business travel agencies) and strong intentions in luxury/high-end travel (suggested by a Visa report), support a positive view on travel, Jarden believes.

The recent backdrop for travel has been poor, the result of regional conflicts, macro uncertainty and cost of living pressures, with Singapore, American and Southwest Airlines all talking about softer demand and a recent business travel spending survey pointing to weaker global demand. That said, there is a case for optimism in FY26, Jarden suggests, with Airline Reporting Corp data improving, expectations low and improving spending capacity globally as interest rates fall.

Jarden believes Flight Centre is well positioned to capitalise on this and re-rate.

UBS recognises the potential for a better macro backdrop in FY26, which could deliver upside through a combination of lower rates/higher property prices stimulating leisure demand, Middle East disruptions reducing, and better corporate macro conditions. However, in the absence of improving conditions, the risk is the operating leverage within the business gets pushed out twelve months.

UBS is cognisant overrides have been impacted in FY25, which one could argue creates an easier comparable heading into FY26, but the broker has not incorporated a recovery in FY26. UBS highlights Flight Centre has multiple levers to help drive above-market growth, including new business wins in Corporate remaining strong and ongoing momentum in Corporate Traveller, increasing share within Leisure from independents, and productivity benefits in both Corporate and Leisure.

While UBS recognises achieving the full benefits from productivity initiatives will not occur in subdued conditions, the broker still sees potential short-term upside, together with material upside to medium-term assumptions.

Overall, while the outlook remains uncertain, barring no further shocks to consumer and/or business confidence, Citi thinks with a "normal" year expectations for FY26 should prove achievable.

Looking forward, Citi expects short-haul international and low-cost carrier demand to remain elevated and notes bad debts relate specifically to the second half of FY25.

With regard overrides, Citi estimates this issue will drag through FY26, but circa two-thirds will be reset by the first half. The US reporting season showed all major airlines reporting a steady to flat start to FY26, including the reintroduction of quarterly guidance.

It was a disappointing FY25 update, Macquarie admits, but recent US/Middle East volatility created some downside risk heading into the result. Broader travel activity, while volatile, is improving post these events creating a better outlook into FY26, Macquarie suggests, and the market will expect to see some benefits from productivity initiatives in FY26.

As is usual practice, FY26 guidance is likely at Flight Centre's AGM. Despite a weak first quarter FY25 comparable, given the declining second half FY25 trends and political and macro-economic uncertainty, Morgans believes the first half FY26 will still remain challenging.

It will also take time for internal business improvement initiatives (Global Business Services, Productive Operations, AI, Loyalty program) to gain momentum. For Flight Centre to see acceptable profit growth, it needs solid top-line growth, Morgans notes. Specifically, management has said that Leisure requires TTV growth of mid-single digits and Corporate mid-to-high single digits.

While a short-term rebound in conditions may be elusive, Wilsons remains constructive on a twelve-month view, noting the momentum in Corporate client wins, prospect for an improvement in conditions over this timeframe.

The FY25 result was adversely impacted by poor execution in the Asian Corporate business, which Ord Minnett estimates impacted earnings by some -$30m. Ord Minnett considers it unlikely this will be repeated in FY26.

Valuation Grounded

Despite some scepticism regarding FY26, amidst otherwise confident views, brokers agree on one thing: Flight Centre is undervalued at current pricing.

Following material share price weakness, Flight Centre shares are trading on extremely depressed earnings multiples, Morgans notes. There may be a lack of near-term catalysts, but this broker believes patient investors will be well rewarded when a travel industry rebound eventuates.

The company has clear strategies in place to grow its top line and improve margins, which, if successfully executed on, should also help underpin decent earnings growth over coming years. Morgans expects Flight Centre's up to $200m share buyback will resume post the result.

With Flight Centre trading on a one-year forward fully diluted PE (post convertibles) of 11.8x, UBS thinks an overly negative outlook is being priced versus the stock's long-term average of 15.7x.

Even though the stock has been a material underperformer for some time, Ord Minnett's analysis suggests this has been more than reflected in the share price.

Jarden sees Flight Centre as an increasingly capital-light business, with material margin upside, that should trade above its current one-year forward PE. If TTV trends recover, the question will be if profit margins of 2% can be achieved - something not currently reflected in Jarden's FY30 forecast.

If confidence in this outlook builds, there is scope for an implied valuation above $26 per share, Jarden suggests, although this could take time to deliver.

While Canaccord Genuity sees valuation support at current levels, this broker believes investors will need stronger confidence around prospective earnings to be able to trust that valuation support more fully. Canaccord expects the official FY25 result (released 27 August) to provide more detail which may be more helpful for that purpose, but for now retains a Hold rating.

All brokers have downgraded their earnings forecasts and lowered their price targets in the wake of the second FY25 profit warning. However, all of the six brokers monitored daily by FNArena covering Flight Centre retain Buy or equivalent ratings based on valuation.

The new consensus target is $14.73, down from $16.34.

Wilsons (target $17.15) and Jarden ($18.50) also retain Buy or equivalent ratings.

Canaccord Genuity has a target of $12.25, being the lowest among the lot, while Jarden's $18.50 is the highest.

FNArena is proud about its track record and past achievements: [Ten Years On]

AUSTRALIA

July In Review: Rotation Into A New All-Time High

Another positive month for the ASX200 with lots going on underneath the surface, as resources were back in and banks were out, while mid-caps continue to outperform.

-ASX200 rallies to fresh all-time record intra-day high in July
-Iron Ore, lithium and energy stocks drive ASX200 gains in July
-Healthcare rebounds as CSL, ResMed and Pro Medicus rally
-Gold Miners lag while uranium stocks rally before Boss Energy's shock
-MidCaps continue to outperform but Small caps chip in

By Danielle Ecuyer

No meme stock mania but lots of love for resources in July

"Another strong month for risky assets. Meme stocks are flying, IPOs are hot again, markets indifferent to headlines, and complacency seeping in over the quiet summer months of the Northern Hemisphere."
GF Asset Management Insights – July 2025

While corollaries with Wall Street’s animal spirits in July are relatively thin, the ASX200 was no slouch in the month of July, rising 2.35%, pushing the seven-months to July 31 year-to-date performance to 7.1% (ex-dividends).

One could be forgiven for thinking the April Liberation Day's -20% correction even occurred. To quote Monty Python’s Black Knight: “It’s just a flesh wound”.

Jokes aside, the recovery in the ASX and global equity markets has been one of the fastest and most robust V-shaped recoveries on record, which has many questioning the durability of rallies into the often more treacherous months of August and September.

For domestic investors, the ASX200 has paced well over the year-to-date compared to the S&P500, up 7.78% (in USD terms), while the Nasdaq has rallied 9.38%.

In Australian dollar terms, it is worth highlighting the appreciation of the little Aussie battler --or the depreciation of the USD, depending on your narrative-- which has compressed year-to-date S&P500 returns in AUD terms to a mere 2.96% for the period, according to S&P Global as at August 4, or 7.62% in US dollar terms.

A reminder that offshore investing is as much about currency calls as it is stock and index calls.

In other markets, the Hang Seng is up 23.5%, the DAX30 up 20.88% year-to-date, with the FTSE100 rallying 4.24% in July to a year-to-date return of 11.74%.

When looking under the hood, the UK market’s strength in July reflects in part similar dynamics to the local market due to the high index weighting to energy, materials, and metals stocks.

The ASX200 set a new all-time record high of 8776.4 (intra-day) on the 18th July. New records in the month were also achieved by the FTSE100 in London and Egypt's EGX30.

Over in the US where the bull market for equities has a much stronger AI connection, both the S$P500 and Nasdaq100 rallied into multiple new record highs throughout the month.

China stimulus and growth story dominates with laggards

As depicted by Macquarie, the key theme for July was the rotation out of leaders into laggards, which is often characteristic of a new financial year. Value outperformed Growth by 1.8%, and Quality was an even more robust factor, outperforming Value by 3.8%.

In the US, Growth outperformed both Value and Quality by 3.4%. One look at Nvidia and Microsoft's performance, with both companies achieving the US$4trn market capitalisation level in July, offers more than a hint of why technology growth stocks outperformed.

While not wanting to dwell on these AI/Cloud behemoths, one trillion equals 1,000,000 millions—or in their case, 4,000,000 millions. Mind boggling!

But size doesn't always matter, and in this case market capitalisation, with Australian resource sectors finding their day in the sun over July.

A rise in the iron ore price of 6.5% over the month, to just under US$100/t, boosted Australian iron ore stocks. Fortescue ((FMG)) rallied 16%, supported by a better-than-expected June quarter earnings report. Mineral Resources ((MIN)) also announced a better-than-anticipated 4Q25 report, catching the tailwinds of positive sentiment on iron ore and a standout rally in lithium stocks, rising 33% over July. Pilbara Resources ((PLS)) added 20%, while Woodside Energy ((WDS)) shares rose 13%.

Whitehaven Coal ((WHC)) lifted, and as Macquarie points out, China's market added 3.5% with renewed hopes of fiscal stimulus including the development of the world's largest hydropower dam in southeastern Tibet, with an estimated investment of US$167bn–US$170bn. The largest dam to be constructed by scale and cost in history.

On number crunching by Morgan Stanley, the ASX100 Resources outperformed Small Resources by 8.9%.

Healthcare stocks were also beneficiaries of the rotation out of banks, with the latter sector down -1.3%. Healthcare advanced by 8.7%, led by heavyweight CSL, up 13%, despite US pharmaceutical tariff threats, which remain unresolved.

Healthcare added 82.1bps and Materials 72.7bps to the ASX200 index performance for the month.

For healthcare stocks, July marked a welcome reversal of underperformance for 2025. Pro Medicus ((PME)) joined the rally, up 13%, and ResMed shares advanced 8% into its FY25 results announced on August 1, which lent further support to the share price on better-than-expected earnings, resulting in EPS forecast and target price upgrades.

Notable underperformers in July included the gold sector, despite a slight rise in the gold price. Shares in Northern Star ((NST)) and Evolution Mining ((EVN)) fell by -16% and -9%, respectively.

In contrast, Newmont Corp ((NEM)) continued its turnaround post the Newcrest acquisition in October 2023 and asset divestment program. The stock rose 11% after reporting an earnings beat and a lift in share buyback.

Uranium stocks rallied sharply on the Sprott Physical Uranium Trust's US$200m capital raising and inventory build-up in the U308 spot market over the beginning of July. For more details, check out FNArena's Uranium Weekly (https://fnarena.com/index.php/2025/08/05/uranium-week-supply-challenges-are-mounting/).

But profit taking moved in with Boss Energy's ((BOE)) shock FY26 guidance update, bringing into question the mineral resource and nameplate capacity for Boss' Honeymoon project, and saw the stock fall -63%.

Paladin Energy ((PDN)), which has had a list of water and stockpile ore quality issues over the year past, also disappointed the market with lower-than-anticipated FY26 guidance. Its shares retraced -23% in July.

Which stocks moved or subtracted from the index

Picking through the index lifters and leaners over the month, Morgan Stanley details CSL added 58.8bps and BHP Group ((BHP)) 49.7bps; both are the two main contributors to Healthcare and Materials.

Woodside added 21.7bps to Energy, while ANZ Bank ((ANZ)) bucked the financials trend, adding 18.1bps.

Banks subtracted -34.1bps, with CommBank the heaviest detractor at -44.7bps, and Macquarie Group ((MQG)), with a disappointing AGM update, removing -15.6bps, while National Australia Bank ((NAB)) detracted -5.4bps.

By the end of July, the rotation into resources had started to fade, with Rio Tinto's ((RIO)) June quarter result underwhelming.

For investors with more of a small-cap penchant, the ASX Small Ordinaries rose 2.24% and is up 5.69% year-to-date -- still trailing both the All Ordinaries and ASX200.

Investors gravitated to the ASX MidCap 50, rising 4.24% for July and up 10.45% year-to-date.

Notable names of recovery stocks included Mesoblast ((MSB)), up nearly 44%, and turnaround stories AMP Ltd ((AMP)) and Magellan Financial Group ((MFG)), rallying circa 27% and 25%, respectively. Former favourites

Lifestyle Communities ((LIC)) and HMC Capital ((HMC)) fell -27% and -23%, respectively.

What's in store for August and FY26 outlook

Much of where the ASX200 goes will depend on not only overseas markets, but the August reporting season.

In terms of seasonality, August and September are usually characterised by volatility and weakness.

August has already started with a volatile bang, living up to the historical norms as liquidity and volumes fall in the northern summer holiday season.

Macquarie points to September as usually the worst month for returns and August the third worst. Will seasonality play out again this year, the broker asks?

With the RBA shocking markets in July with a surprise 'hawkish hold' instead of the priced-in -25bps cut in the cash rate, the market is now looking for some central bank relief at the upcoming August RBA meeting (August 12 at 2.30pm AEST), with -25bps expected.

What happens after that remains a point of contention amongst economists, with some dialling back rate cut expectations for this cycle. President Trump's global tariffs are yet to be felt in terms of inflation impacts.

Nevertheless, both Macquarie and Morgan Stanley flag an expectation of domestic and earnings growth picking up into FY26, which would infer any pullbacks throughout reporting season are most likely a buying opportunity.

Morgan Stanley explains earnings estimates going into August are already "subdued," with consensus forecasts placing average EPS growth at a negative -1.7%. Compared to the FY22 peak in earnings estimates, the current FY25 consensus sits -18.3% lower (over three consecutive years of negative growth).

Macquarie's bottom-up forecast EPS growth is for a decline of -3.2%. The broker's analysts are currently anticipating a rebound of EPS growth in FY26 by 2.2%, relatively modest compared to forecasts by peers.

One of the most important index bellwethers to report is CommBank with FY25 earnings due out on August 13. The UBS strategist has been emphasing the bank's valuation has been impacted by market flows and investor positioning, with over 90% of the price performance over the last two years coming from multiple expansion only.

The main area of focus for the market is whether CommBank can exceed consensus expectations based on an 8.4% rise in EPS revisions over the last year, with UBS stressing management has levers to pull to surprise the market. Nevertheless as such an index heavyweight, around 11.5% of the ASX200, how investors interpret the report may have some bearing on both sentiment and direction of the index this season.

The big question for the market leading into the August reporting season is 'has the bar (earnings forecasts) fallen far enough for investors to be delivered some positive surprises?'

To stay in touch with all broker updates throughout August reporting season, remember to check out **FNArena's Corporate Results Monitor** (https://fnarena.com/index.php/reporting_season/), which will be updated daily.

With valuations on the market set at a higher bar --Morgan Stanley has a 12-month forward price-to-earnings ratio of 19.2 times-- share price support will most likely have to come from earnings forecast upgrades rather than multiple expansion.

A return to earnings growth of between 5%-8% is flagged by Morgan Stanley over the coming years (FY26–FY27).

In terms of equity sentiment, Macquarie's FOMO Meter indicates positive sentiment at plus 0.7, with bullish individual investors up plus seven net bullish in July. On Macquarie's assessment, the FOMO meter is high, though not excessive.

There was also more robust market depth over the past month, although active investors cut equity exposure to plus 77pta, down -4 to -5ppt in July.

ASX100 Best and Worst Performers of the month (in %)

Company	Change	Company	Change
MIN - MINERAL RESOURCES LIMITED	32.61	NST - NORTHERN STAR RESOURCES LIMITED	-16.06
AMP - AMP LIMITED	26.98	TLX - TELIX PHARMACEUTICALS LIMITED	-13.80
360 - LIFE360 INC	24.80	EVN - EVOLUTION MINING LIMITED	-8.73
LYC - LYNAS RARE EARTHS LIMITED	21.60	REH - REECE LIMITED	-5.23
PLS - PILBARA MINERALS LIMITED	20.60	SGH - SGH LIMITED	-5.20

ASX200 Best and Worst Performers of the month (in %)

Company	Change	Company	Change
MSB - MESOBLAST LIMITED	43.81	BOE - BOSS ENERGY LIMITED	-62.74
ILU - ILUKA RESOURCES LIMITED	35.53	LIC - LIFESTYLE COMMUNITIES LIMITED	-36.57
MIN - MINERAL RESOURCES LIMITED	32.61	HMC - HMC CAPITAL LIMITED	-29.61
AMP - AMP LIMITED	26.98	PDN - PALADIN ENERGY LIMITED	-23.05
MFG - MAGELLAN FINANCIAL GROUP LIMITED	24.88	BAP - BAPCOR LIMITED	-22.80

ASX300 Best and Worst Performers of the month (in %)

Company	Change	Company	Change
CU6 - CLARITY PHARMACEUTICALS LIMITED	74.80	BOE - BOSS ENERGY LIMITED	-62.74
DRO - DRONESHIELD LIMITED	64.47	BOT - BOTANIX PHARMACEUTICALS LIMITED	-53.13
PMT - PATRIOT BATTERY METALS INC	62.26	LIC - LIFESTYLE COMMUNITIES LIMITED	-36.57
WBT - WEEBIT NANO LIMITED	48.92	HMC - HMC CAPITAL LIMITED	-29.61
CRN - CORONADO GLOBAL RESOURCES INC	48.15	GEM - G8 EDUCATION LIMITED	-23.73

ALL-TECH Best and Worst Performers of the month (in %)

Company	Change	Company	Change
WBT - WEEBIT NANO LIMITED	48.92	APX - APPEN LIMITED	-19.64
360 - LIFE360 INC	24.80	AD8 - AUDINATE GROUP LIMITED	-17.78
QOR - QORIA LIMITED	21.21	GTK - GENTRACK GROUP LIMITED	-15.44
HSN - HANSEN TECHNOLOGIES LIMITED	20.68	FND - FINDI LIMITED	-12.71
NVX - NOVONIX LIMITED	18.42	BVS - BRAVURA SOLUTIONS LIMITED	-3.15

All index data are ex dividends. Commodities are in USD.

Australia & NZ

Index	31 Jul 2025	Month Of Jul	Quarter To Date (Jul-Sep)	Year To Date (2025)
NZ50	12823.740	1.75%	1.75%	-2.19%
All Ordinaries	8999.00	2.58%	2.58%	6.87%
S&P ASX 200	8742.80	2.35%	2.35%	7.15%
S&P ASX 300	8679.40	2.42%	2.42%	7.17%
Communication Services	1891.50	2.08%	2.08%	16.23%
Consumer Discretionary	4275.80	3.21%	3.21%	9.32%
Consumer Staples	12165.50	0.39%	0.39%	3.37%
Energy	9170.40	5.71%	5.71%	6.35%
Financials	9432.00	-1.02%	-1.02%	9.49%
Health Care	45370.20	9.05%	9.05%	1.08%
Industrials	8482.60	1.97%	1.97%	10.94%
Info Technology	3045.90	5.00%	5.00%	11.13%
Materials	16503.30	4.07%	4.07%	2.35%
Real Estate	4020.50	3.13%	3.13%	6.89%
Utilities	9609.00	5.11%	5.11%	6.38%
A-REITs	1849.60	3.28%	3.28%	7.64%
All Technology Index	4269.50	5.58%	5.58%	12.20%
Banks	3968.40	-1.35%	-1.35%	10.04%
Gold Index	10763.60	-6.87%	-6.87%	27.78%
Metals & Mining	5441.60	4.23%	4.23%	3.54%

The World

Index	31 Jul 2025	Month Of Jul	Quarter To Date (Jul-Sep)	Year To Date (2025)
FTSE100	9132.81	4.24%	4.24%	11.74%
DAX30	24065.47	0.65%	0.65%	20.88%
Hang Seng	24773.33	2.91%	2.91%	23.50%
Nikkei 225	41069.82	1.44%	1.44%	2.95%

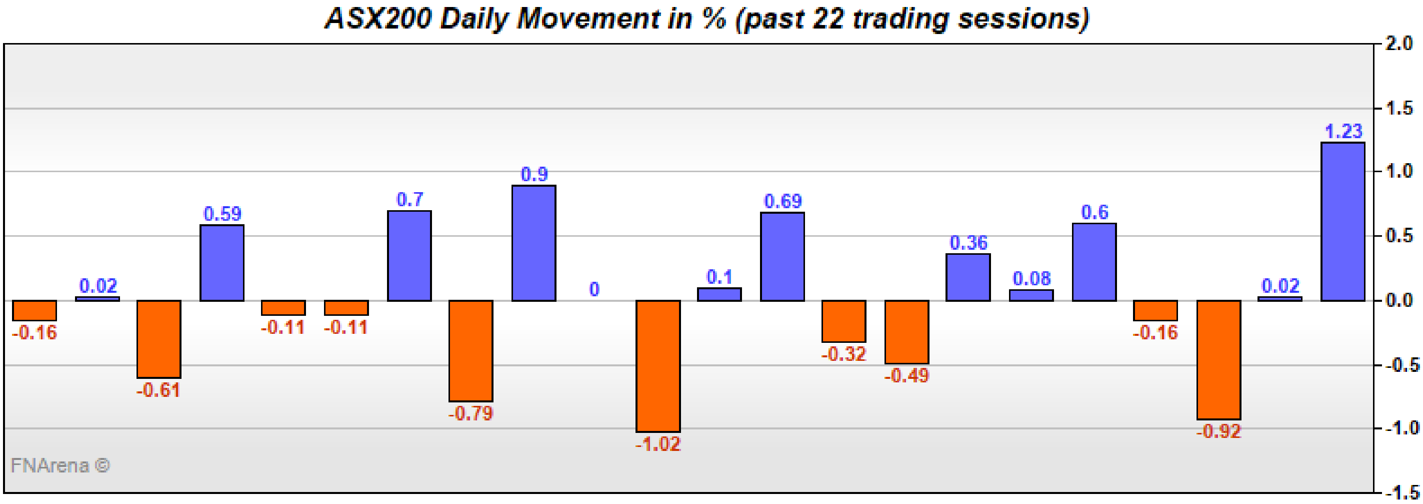
DJIA	44130.98	0.08%	0.08%	3.73%
S&P500	6339.39	2.17%	2.17%	7.78%
Nasdaq Comp	21122.45	3.70%	3.70%	9.38%

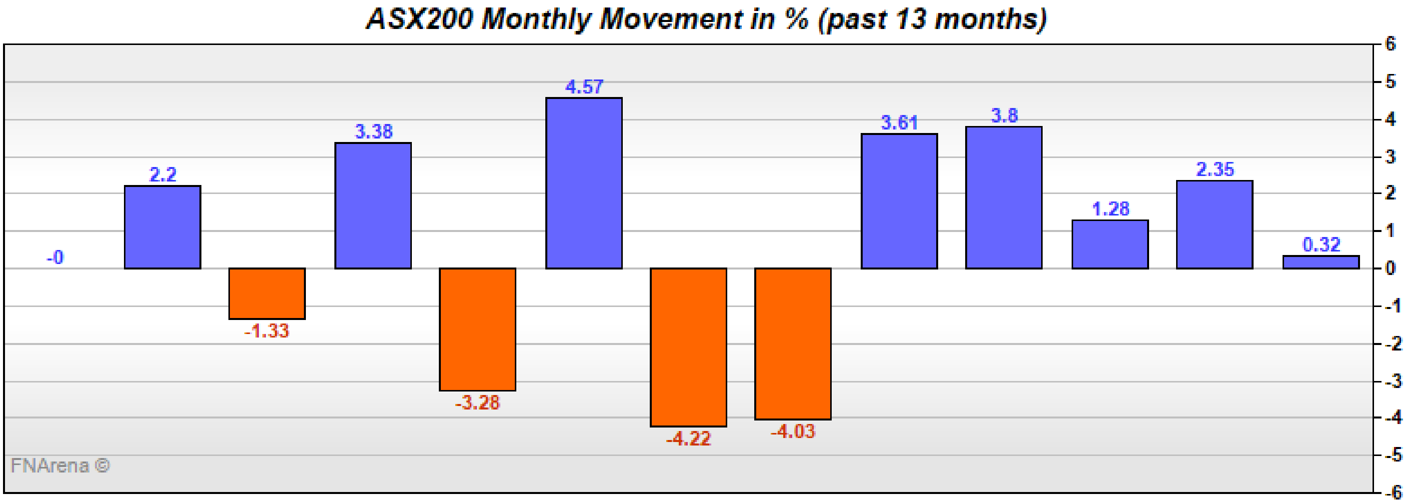
Metals & Minerals

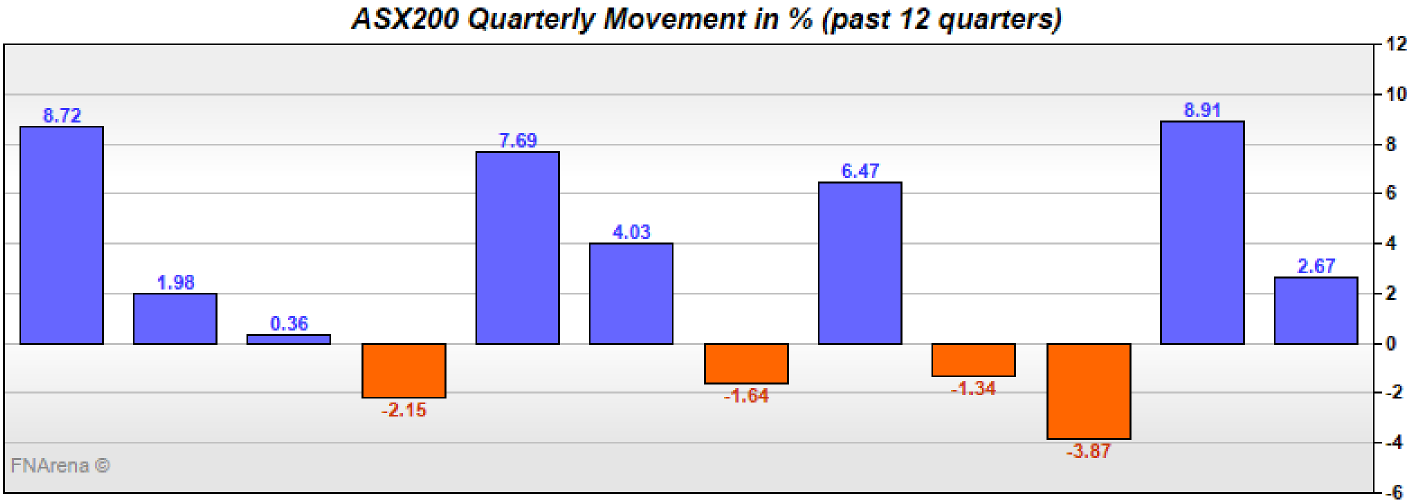
Index	31 Jul 2025	Month Of Jul	Quarter To Date (Jul-Sep)	Year To Date (2025)
Gold (oz)	3328.05	0.78%	0.78%	26.70%
Silver (oz)	37.12	2.54%	2.54%	22.83%
Copper (lb)	4.6300	-9.14%	-9.14%	13.02%
Aluminium (lb)	1.1829	0.31%	0.31%	3.48%
Nickel (lb)	6.7559	-0.93%	-0.93%	-5.44%
Zinc (lb)	1.2687	0.49%	0.49%	-6.11%
Uranium (lb) weekly	71.00	-9.73%	-9.73%	-1.39%
Iron Ore (t)	99.07	4.85%	4.85%	-4.59%

Energy

Index	31 Jul 2025	Month Of Jul	Quarter To Date (Jul-Sep)	Year To Date (2025)
West Texas Crude	70.29	7.28%	7.28%	1.17%
Brent Crude	72.72	8.86%	8.86%	0.22%







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AUSTRALIA

Behind The Rally in ASX Defence Stocks

A rising global spend on defence and recent contract wins have spurred growing investor interest in ASX-listed defence beneficiaries.

-Rising global military spend and contracts propel defence stocks higher
-ASX-beneficiaries include Austal, DroneShield, Electro Optic Systems and AML3D
-Flurry of contract wins trigger rising forecasts and valuations, with optimism for more
-Electro Optic Systems lands “company-maker” deal, Ord Minnett declares

By Mark Woodruff

In recent times, the defence industry has proved to be the best form of attack on the ASX. Following a series of announcements, a cohort of defence-related stocks, Electro Optic Systems ((EOS)), DroneShield ((DRO)), and Austal ((ASB)), have experienced share price surges of 250%, 217% and 35%, respectively, since the beginning of May.

Shares in AML3D ((AL3)), a relative minnow in the space with a market capitalisation of just $139m, gained 50% over the same period. DroneShield, Austal, and Electro Optic Systems currently command respective market capitalisations of $3.3bn, $2.69bn and $570m.

Offshore listed peers of DroneShield in the drone and counter-drone sectors have experienced major re-ratings following an increase in global defence spending and improvements in technology.

Domestically this is evident from the share price of Electro Optic Systems, while shares in Nasdaq-listed AeroVironment (AVAV) and Kratos (KTOS) have equally rallied strongly.

<u>Austal</u>

Two days ago, global shipbuilder and defence prime contractor Austal announced the finalisation of its Strategic Shipbuilding Agreement (SSA) to become the Commonwealth of Australia’s strategic shipbuilder for Tier 2 surface combatants at Henderson in Western Australia.

Austal designs, builds, and maintains commercial ferries and naval vessels, with major shipyards in Australia, the US, the Philippines, and Vietnam. The company is best known for its aluminium-hulled warships, including littoral combat ships and expeditionary fast transports for the US Navy, as well as high-speed passenger ferries.

Petra Capital explains the Austal share price continues to benefit from favourable sector dynamics such as increasing defence budgets and a strong market position. The latter is underpinned by a robust book-to-bill ratio, which means Austal consistently wins new orders at a rate that sustains or exceeds its current revenue.

This broker also highlights the prospect of earnings upside from the pending upcoming Review of Existing Arrangements (REA) for the US Navy’s Towing, Salvage and Rescue Ship (T-ATS) program.

Takeover interest from Hanwha has provided further support. In June, Hanwha (with a 9.9% stake in Austal) received approval from the US Committee on Foreign Investment (CFIUS) to potentially acquire up to 100% of the company, clearing a key national security hurdle.

Management at Austal questioned this claim and sought formal confirmation, while also expressing concern further ownership by Hanwha could conflict with Australia’s defence policy and desire to maintain sovereign shipbuilding capability.

After an extended period since the initial SSA agreement, the finalisation is a distinct positive, suggests Macquarie, given the Medium/Heavy landing crafts will underpin Austal’s Australasian operations with a consistent and high throughput level compared to historical levels.

Under this agreement, a new subsidiary, Austal Defence Australia, will become the prime contractor for the build and delivery for the LAND8710 programs. These involve Landing Craft - Medium (expected to be 18 vehicles) and Landing Craft - Heavy for 8 vessels.

At the same time, management upgraded FY25 EBIT guidance to at least $100m, up from the prior minimum of $80m, largely reflecting finalisation of accounting treatment for the submarine modules contract announced in September last year.

Citi was surprised by the magnitude of the guidance upgrade, which appears to be driven primarily by a stronger operational performance. Around 25% of the upgrade is attributed to the finalisation of accounting treatment for the US$450m contract awarded by General Dynamics Electric Boat in September 2024.

These dual announcements bolster the broker's confidence in Austal's medium-term earnings trajectory, underpinned by planned increases in defence spending in both the US and Australia and reduced execution risk on the T-ATS program following the successful launch of the first vessel in June 2025.

Electro Optic Systems

Bell Potter highlights Electro Optic Systems as a key beneficiary of powerful structural tailwinds across the defence and space sectors.

These tailwinds include escalating geopolitical tensions driving a global re-armament cycle, unprecedented levels of defence spending, surging capital investment into the space economy, and an increasing urgency to protect critical space-based infrastructure.

Designing and manufacturing advanced weapon systems as well as space systems, Electro Optic Systems is best known for its remote weapon stations, which are highly precise, mountable weapon turrets for armoured vehicles. The company also develops high-energy laser systems and space surveillance technologies.

In a deal announced this week and described by Ord Minnett as a **"company-maker",** management secured a $125m contract from an unnamed European NATO member for delivery of a 100kw High Energy Laser Weapon (HELW) counter-drone system, marking the world's first export order of its kind.

The analysts at Canaccord Genuity emphasise the substantial price tag applies to a single unit, underscoring the system's high value. Commercialisation is expected to attract interest from other allied nations, likely prompting further product demonstrations and validation.

Presenting potential investors with a new angle to gain leverage to the emerging drone warfare thematic, highlights Bell Potter, this capability was developed to address the urgent market need and emerging strategic requirement to defend against drone swarm attacks at an economical cost.

The contract, to be fulfilled by Electro Optic Systems Singapore between 2025 and 2028, positions the company with first-mover advantage in a potential non-US market worth over US$10bn across 200 units.

Ord Minnett's forecasts assume the company could capture $1.3bn in additional orders by FY32.

DroneShield

DroneShield specialises in counter-drone and electronic warfare solutions. Its AI-driven platforms detect and neutralise drones and autonomous systems, serving military, intelligence, government, critical infrastructure and other clients across land, sea, and air.

Last month, management committed to invest -$13m in a significant R&D and manufacturing capacity expansion at a new production facility in Sydney's Alexandria. This is in addition to a similar sized R&D area at the company's headquarters in Pyrmont (also in Sydney).

Management is targeting a $2.34bn (and rapidly growing) global pipeline including in Europe, its fastest-growing export market.

Later in the same month, the company was also awarded a $5m contract under Project LAND156 to supply handheld counter-drone equipment to the Australian Defence Force to help identify and mitigate unmanned aerial threats.

DroneShield has secured a flurry of diverse contract wins in recent weeks. Since unveiling a $61m contract on June 25, the company has followed up with a $9.7m order from a Latin American client, along with a two-year, $11.7m R&D engagement awarded by an unspecified Department of Defence from the Five Eyes alliance.

On Bell Potter's recent estimate, DroneShield holds around $175m in contracted revenue scheduled for delivery in calendar 2025.

AML3D

Management at AML3D (which specialises in metal additive manufacturing) has also been busy. In June, the company announced the opening of its new US Technology Facility in Ohio, and in the last two weeks has appointed a UK and European distributor, along with a second non-exclusive European distribution partner.

Bell Potter explains this latest partnership with German additive manufacturing technology provider DMFG Solutions GmbH aims to accelerate the company's access to the European defence and manufacturing markets.

Designing and manufacturing its own Arcemy 3D printing systems, AML3D provides contract manufacturing services to clients in industries such as marine, aerospace, defence, and resources.

Arcemy refers specifically to a series of turnkey, large-scale Wire Additive Manufacturing printers that combine welding, robotics, and automated software to produce metal components (like ship components or aircraft tooling) on demand more cost-effectively than traditional casting or forging methods.

Shaw and Partners highlights the Big Beautiful Bill Act in the US sets aside US$400m for wire feed additive capacity and US$500m for broader advanced manufacturing in the maritime sector.

The analyst expects AML3D to be contract ready by 2026 to secure its share in line with US Navy spending.

Outlook

While remaining cautious in early-June on Austal's valuation, Bell Potter noted potential for rising passive flows from potential ASX200 inclusion and further material contract awards linked to the SSA with the Australian government.

Elsewhere, the broker remained bullish on the structural growth outlook for the sector and considers DroneShield to be a clear market leader.

There are three daily monitored brokers in the FNArena database conducting research on Austal, all with Hold or equivalent ratings. Macquarie, Citi, and Bell Potter (latest research back in early-June) have respective targets of $7.05, $7.00, and $5.60, which compare to the $7.20 share price at the close of trade on August 7.

Outside of daily coverage, Petra Capital is also on Hold with a $6.67 target.

For DroneShield, both Shaw and Partners and Bell Potter upgraded to Buy from Hold on July 31, following improving cash flows evident in management's June quarter update. Their average target price is $3.70, implying around -10% downside to the $4.09 closing share price.

Electro Optic Systems (last traded at $4.90) has Buy ratings from Ord Minnett and Bell Potter with targets of $4.25 and $5.00, respectively. Outside daily monitoring, Buy-rated Canaccord Genuity has a $4.30 target.

Shaw is a Buy on AML3D and Bell Potter a Speculative Buy. Both have targets of 40c, well above the latest 28c share price.

COMMODITIES

Diversification Paying Off For Rio Tinto

As iron ore demand and prices falter, diversification into the likes of copper, aluminium and lithium is offering relative resilience for Rio Tinto shareholders.

-Rio Tinto's first half result slightly underwhelmed
-Copper, aluminium offset iron ore
-Trump tariff impact not overly material
-Investors await arrival of new CEO
-Analysts largely neutral on the outlook

By Greg Peel

By Greg Peel

Two of the world's largest miners of iron ore, Rio Tinto ((RIO)) and BHP Group ((BHP)), have in recent years seen the writing on the wall. Neither can continue to rely on their Pilbara iron ore engine rooms driving the bulk of earnings. The main issue is with their biggest customer.

China's economy has been in the doldrums post covid. While covid fallout has led to Beijing's efforts to stimulate domestic consumption failing, for Rio and BHP the greatest problem has been the collapse of China's housing market. Beijing is doing its best to compensate with major infrastructure projects, but the bottom line is a drying up of demand for steel in housing construction.

To that end, both companies have been diversifying away from iron ore dependence and into metals deemed "future-facing", servicing demand in green energy and electrification industries, including the likes of copper and lithium. For Rio, additional aluminium capacity adds to diversity.

First Half Result

Rio Tinto's first half 2025 underlying earnings of US$11.5bn were a modest beat versus consensus, down -5% year on year. Underlying profit of US$4.86bn was nevertheless -10% below consensus, impacted by a higher effective tax rate, D&A and finance charges.

The interim dividend of US148c (50% payout), in line with lower profit, compares to consensus of US161c. Net debt of US$14.6bn rose sharply post the Arcadium lithium acquisition but remains in line with expectations.

Notably, the copper and aluminium divisions showed strong earnings growth, while iron ore earnings declined materially year on year.

Diversification continues to play out in the P&L, Citi notes, with copper and aluminium earnings up 69% and 50% year on year respectively. In contrast, iron ore earnings fell -24% year on year, as lower prices, volumes and higher costs drove a margin squeeze. Iron ore prices fell -15% year on year, and cyclones in the Pilbara impaired production and led to higher costs.

Free cash flow of US$1.96bn exceeded expectations due to lower-than-anticipated capital expenditure.

The World According to Trump

Australia appears to have escaped the most punitive of Trump's latest tariff settings, copping the low-end 10%, but any tariff ignores the facts that Australia is a loyal US ally, the US has a trade surplus with Australia, and we're now pretending we'll all buy US beef. But specific global tariffs of 50% remain on steel, aluminium and copper.

And while Trump's ultimate tariffs on China remain in a state of flux (supposed new deadline August 12), that global 50% tariff on imported steel remains – another blow to Chinese steel demand.

Rio does have a major advantage when it comes to copper nonetheless; it owns the world's largest copper smelter, in Utah. Management thus sees the Kennecott smelter becoming immediately more profitable as a result of the tariffs, despite Rio (along with BHP) mining the bulk of its copper in Chile.

But diversification is again in play –-this time geographical-– with the development of the Resolution copper mine in Arizona, which is set to become the biggest copper mine in the US.

Resolution is 55% owned by Rio and 45% by BHP, and management noted the US government has been supportive with the Resolution Copper project being prioritised by the US administration, the final EIS published and Federal Land Exchange imminent.

In aluminium, Rio is not so lucky.

It appears aluminium tariffs will mainly impact the final consumer. Management said it has been able to pass on some of the impact, with unit revenue still up around 6% year on year deducting the tariff impacts. Morgan Stanley would argue this figure is for the entire business –-including bauxite and alumina-– and would highlight that smelter margins have suffered due to tariffs.

Management also noted the net tariff impact, when offset against the copper upside from Kennecott, is not considered significant.

In terms of copper capacity, Rio reiterated its strong relationship with the Mongolian government and that it is comfortable with the current state of play with regard the Oyu Tolgoi copper/gold project. Delays in the tax dispute settlement would delay access to higher grade areas, but are not consequential to the mine plan and are only impacting net present value from a time value of money perspective.

New Strategy for Iron Ore

Rio's Pilbara's product strategy pivot is underway with a revised grade of 60.8% Fe (from 61.6%) including blended SP10 product.

SP10 fines and lump are derived from the same orebodies as Pilbara Blend but are lower grade products that allow customers to minimise their operating costs.

Rio has started shipping under its new iron ore specification, transitioning towards a simplified product with one blend and a focus on increasing mine production capacity over the medium term. Management noted customer consultation played a key role in shaping its new blend strategy, which has been well received.

Rio's Simandou mine in Guinea is nonetheless a high-grade project. Simandou attracted the most questions at the conference call, Morgans notes, with the main focus on the mega mine's expected ramp-up profile.

Management wouldn't be drawn into giving a view outside of highlighting the ramp-up pace will be driven by the performance of its extensive infrastructure. First ore shipped is still expected in November, highlighting that Simandou is benefiting from exceptional execution from the Chinese partners, and the joint venture is effectively managing elevated Guinea country risk.

Simandou production is nevertheless expected to drive up global high-grade iron ore supply as demand falters.

Lithium a Longer Term Play

Management noted while lithium prices are recovering from recent lows, they are still below long-term averages, with some 25% of the lithium carbonate cost curve currently unprofitable, and the current price environment not supporting the growth in production required to satisfy future demand.

Rio pegs demand at circa 3.0mt in 2030 while allowing producers to recover their cost and justify the capital required. EV penetration has exceeded expectations in 2025 along with a strong pick-up in battery storage-related demand. Rio believes its brine assets and direct lithium extraction technology leave it well positioned for long-term profitability.

Second Half Guidance

Rio has guided to Pilbara unit costs of US$24.3/t, sitting at the top of the guidance range due to cyclone recovery costs which are mostly second half-weighted. Management reiterated volumes are now tracking to the lower end of 323-338mt shipment guidance.

Copper cost guidance is lowered to US110–130c/lb (from US130–150c/lb), driven by the Oyu Tolgoi ramp-up, Escondida (Chile) grades and higher by-product credits. A primary by-product of copper mining is gold, the price of which has soared amidst Trump-driven uncertainty, leading to lower effective copper costs.

Full-year capex guidance was maintained at circa -US$11bn, but the effective tax rate is lifted to 33% from 30% given profit mix.

Morgans sees some challenges entering the second half, with persistent cost pressures (ex-copper), a step down in iron ore product grade, and some -US$6bn of planned capex spend in the period. Morgans also sees the risk of medium-term capex slipping beyond -US$11bn per annum, leaving the broker on the lookout for potential creep in Pilbara mine replacement budgets and a gauge on Rio's lithium investment plans.

Neutral Views

Strategically, Rio is targeting 4% per annum growth through 2028, supported by strong performance at Oyu Tolgoi, the Simandou iron ore project, and lithium assets including Arcadium (WA), Rincon (Argentina) and Chilean brine operations. With -US$10–11bn annual capex planned, management remains confident in balancing growth and shareholder returns.

Ord Minnett continues to view Rio's diversified growth strategy favourably and retains a Buy rating, lifting its price target slightly to $121. But Ord Minnett is Robinson Crusoe on this one.

One factor considered by other brokers is the appointment of a new Rio Tinto CEO. Simon Trott will become CEO at the end of August. UBS does not expect a major change in strategy but sees potential for Rio to accelerate costs savings and restructuring and reassure on capital discipline (returns versus capex, especially in lithium) and potential issues in Mongolia.

With Rio's powder spent on lithium, Macquarie suggests productivity and simplification are key for the new CEO to return Rio to its former glory.

There is no material change to UBS' forecasts, the broker's target is unchanged at $115. UBS maintains a Neutral rating, seeing risk/reward as balanced with solid performance and volume growth offset by a muted iron ore price outlook.

Macquarie believes key questions remain for Rio in how it catches up on productivity, resolves the Chinalco overhang and undertakes portfolio simplification.

[Way back in 2009, China's Chinalco was blocked from taking an 18% stake in Rio Tinto due to national security concerns, restricting Chinalco's stake to the 14.99% takeover threshold. With 14.59%, Chinalco has proved a thorn ever since, attempting to block Rio's share buyback plans.]

Macquarie maintains a preference for BHP over Rio, while setting Neutral ratings on both, but looks forward to Mr Trott's simplification agenda. Macquarie's Rio target rises to $109 from $106.

Citi raises its target to $119 from $113 but maintains a Neutral rating as the broker awaits greater clarity on Pilbara volumes, tariff outcomes and Trott's strategic direction.

Morgans has a Hold recommendation, with a $110 target price (up from $109). The miner's strong balance sheet and diversified earnings base support an above-market forward dividend yield that Morgans sees as underpinned for the next twelve months. This broker also suggests Pilbara execution risks exist around volumes, price realisations, unit costs and capex.

In addition, non-growth capex looks to have peaked at a high watermark, yet its elevated run-rate threatens medium-term free cash flow and dividend capacity, Morgans believes, particularly as Rio ramps up investment in lithium. With a share price near fair value, Morgans awaits clearer operational delivery before turning more constructive.

Morgan Stanley's thesis for Rio Tinto is unchanged post the first half result, noting a modest shortfall versus consensus but with earnings forecasts revised modestly higher. Morgan Stanley retains Equal-weight and a $118 target.

There are thus one Buy or equivalent rating and five Holds among brokers monitored daily by FNArena covering Rio Tinto. The consensus target price is $115.33.

On current freshly updated forecasts, shareholders should expect earnings (EPS) and dividend to be lower yet again in 2026, albeit in more moderate fashion compared with the falls in motion for 2025 in comparison with last year.

See Stock Analysis on the FNArena website for more details.

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

FNArena is proud about its track record and past achievements: Ten Years On

COMMODITIES

Can Champion Iron Deliver On Growth Projects?

Rising costs and weak pricing weighed on first quarter earnings for Champion Iron, but development projects remain on course to support growth.

-Champion Iron's first quarter production and earnings disappoint
-Record sales, but rising costs and lower realised pricing
-Capex projects on track, liquidity expected to improve
-Improving balance sheet, but still sensitive to commodity prices

By Mark Woodruff

Iron ore mining and development company Champion Iron ((CIA)) has navigated a challenging pricing environment and rising costs in the June quarter while ramping up strategic projects. Investors are watching how new partnerships and operational improvements will support long-term growth.

Financial and operating results for the first quarter of FY26 (March year-end) were at the lower end of consensus expectations.

Despite record quarterly sales, earnings fell materially below analysts' forecasts due to the double whammy of higher cash costs and lower realised selling prices.

Macquarie describes the overall result as "weak", with misses on earnings, production, costs, and realised pricing. More positively, the analyst notes shipments were in line and helped generate necessary cash flow.

Management explained first quarter production of 3.5m wmt (which missed the consensus forecast by -3%) was negatively impacted by increased processed ore hardness, lower head grade, reduced plant availability, and scheduled annual power interruption by the service provider.

Scheduled third-party rail infrastructure maintenance also weighed, yet Champion generated record quarterly sales of 3.8m dmt, meeting the consensus estimate.

Champion Iron is focused on high-purity iron ore production, leveraging innovative technology and a skilled workforce to supply premium iron ore concentrate for the global steel industry.

Back in late-2023, management secured a US$230m term loan to fund strategic growth initiatives aimed at decarbonising steelmaking. This increased liquidity was viewed as enabling the Bloom Lake Phase II ramp-up and future projects.

The Bloom Lake mine and mill are in Canada's largest iron ore producing region, Quebec's Labrador Trough, producing high-grade 66% iron concentrate which commands a premium to the benchmark 62% iron ore price.

Bloom Lake is an open pit mine with an expanded capacity of 15mt per annum after the Phase II expansion, and it utilises hydroelectric power for its two processing plants.

The company markets its product to China, Japan, the Middle East, Europe, South Korea, India, and domestically in Canada, and is positioning itself as a supplier of direct reduction grade iron ore for green steelmaking.

In addition to Bloom Lake, the company holds interests in development projects nearby, including the Kami Project and Consolidated Fire Lake North, which are being advanced in partnership with strategic investors to support future growth.

Capex projects

In late January 2024, a new Direct Reduction Pellet Feed (DRPF) plant project at Bloom Lake was approved.

The company also released a positive feasibility study for the Kami iron ore project around this time.

DR (Direct Reduction) quality pellet feed is a high-grade iron ore pellet specifically manufactured for use in direct reduction furnaces, such as those found in electric arc furnace (EAF) steelmaking.

In January this year, management highlighted ongoing progress for both growth initiatives, notably advancing the DRPF plant construction and announcing details of the Kami Project Study.

The Kami study evaluated the construction of a 9m wmt per year DR-quality iron ore operation, enabling management to consider strategic partnerships or a potential sell-down prior to advancing the project.

When Champion Iron released its full-year FY25 results in late May, the numbers confirmed a downtrend in profitability.

Around the same time, Champion announced plans for a major capital raise to fund its growth projects: in June 2025 it issued US$500m of senior notes maturing 2032. While this bolstered the balance sheet for expansion, it also meant significantly higher debt.

In mid-July, Champion Iron finalised a partnership agreement with Japan's Nippon Steel Corporation and Sojitz Corporation to jointly develop the Kami high-grade iron ore project, aiming to share development costs and aligning a future customer for the mine's output.

Late last year, Champion agreed to sell a -49% stake in the Kami project to Nippon Steel and Sojitz for US$245m, forming a joint venture with the Japanese partners for the development and ownership of the mine.

The latest quarterly update by management revealed the DRPF project is on track and set for commissioning in December 2025. In the first quarter capex of -CA$47.5m was incurred on the project for a cumulative -CA$387m out of the total -CA$470.7m budget.

Regarding Kami, the company highlighted the recent framework agreement with Nippon Steel and Sojitz, whereby the sell-down will occur in two steps. An initial receipt of CA$68.6m is due in 2025 with a further CA$176.4m within several months of completion of the definitive feasibility study (DFS), by the end of 2026.

Realised prices lower and costs higher

Management achieved an average net realised price of US$73.4/dmt after taking into account freight (US$26.9/dmt) and negative provisional pricing adjustments (US$5.2/dmt), explains Macquarie.

Cash costs of CA$81.9/dmt were -6% worse than the consensus forecast.

Macquarie attributes year-on-year cost inflation to increased waste stripping, greater plant maintenance driven by harder ore, a higher valuation of stockpile inventory, and reduced production volumes limiting fixed cost absorption.

Cashflow and debt

Net debt reduction was a modest -CA$23m in the first quarter, given DRPF capex.

Quarter-end cash stood at CA$176m, with net debt reduced to CA$567m (in line with the consensus forecast) from CA$590m in the prior quarter.

Operating cash flow totalled CA$42m, supported by a CA$39m release in working capital, offset by the -CA$47.5m in DRPF capex and -CA$63m in other and sustaining capex.

Management expects the liquidity position to gradually benefit from sales of the 2.1m wet metric tonnes (wmt) of iron ore concentrate stockpiled at Bloom Lake.

Certainly, with ongoing restraint on operations by harder ore, Canaccord Genuity expects further destocking and cash flow generation over the coming quarters.

Positively, lower operating cash flow (OCF) was largely offset by lower-than-expected capex. Free cash flow (FCF) of negative -CA$38m (calculated as operating cash flows less investing cash flows) was US$7m better than Macquarie's forecast.

Outlook

There are three daily covered brokers in the FNArena database researching Champion Iron. Citi and Bell Potter have retained Buy ratings, while Macquarie downgraded to Neutral from Outperform.

Following the June quarter update, the average target slips to $5.53 from $6.00, implying nearly 32% upside from the $4.20 share price in early trading on August 6.

Outside of daily coverage, analysts at Canaccord Genuity's Canadian office kept a Buy rating and lowered their target to CA$5.25 from CA$5.50.

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INTERNATIONAL

Q2 Global Credit Strong, US Yield Curve Steeper

Quarterly market review from Ninety One's Developed Market Credit team.

Second quarter market review

In the US, an eventful second quarter for the US Treasury market resulted in the yield curve steepening: longer-dated bond yields rose in reflection of investor concerns over the outlook for public finances; while short-dated bond yields fell as softer economic data led some members of the Federal Reserve's rate-setting committee to become more dovish.

In Europe, sovereign bond yields fell, particularly in shorter-dated bonds. Driving factors included a weaker growth outlook following Trump's tariff announcements and falling inflation.

The global credit market had another strong quarter overall, with significant dispersion in returns again a feature. The high-yield corporate bond market was one of the top-performing segments, particularly in the US.

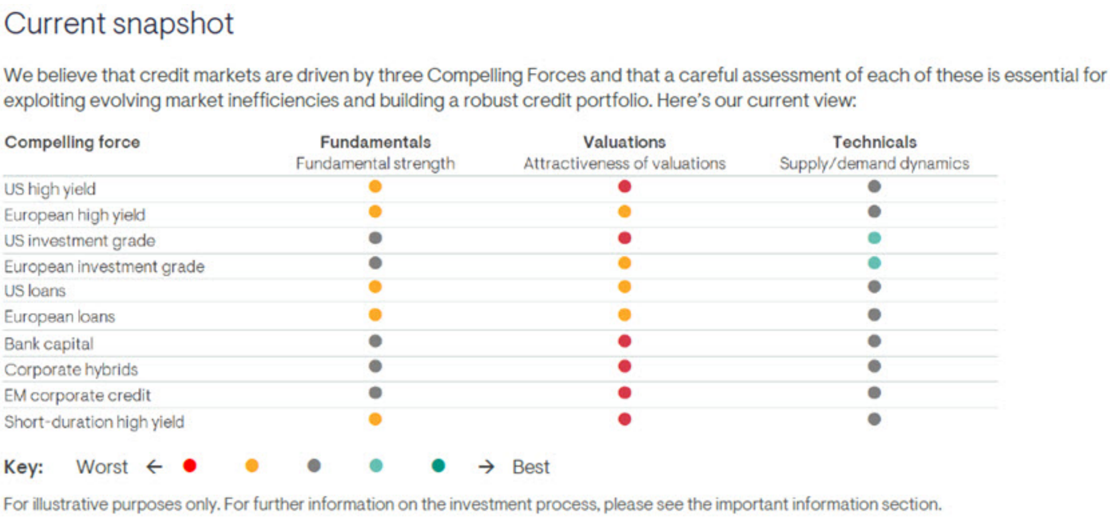
It benefited from tightening credit spreads following the 'Liberation Day' spike, as markets gained confidence from the pause in trade tariffs. European high-yield debt also benefited from a tightening of credit spreads.

The bank capital market (additional Tier 1 and Tier 2 instruments) also performed well, as a recovery in investor risk appetite helped spreads tighten further.

In the loans market, returns diverged between the US and Europe, with the former seeing more spread tightening than the latter.

The regional picture was more balanced in the investment-grade credit market: US and European markets were boosted by the fall in sovereign bond yields and slightly lower credit spreads.

A healthier appetite for risk was also in evidence in the collateralised loan obligation (CLO) market, where riskier (lower-rated) tranches outperformed, partly thanks to tightening credit spreads.



Where to focus and what to avoid
-Higher-carry (higher-income) holdings – such as structured credit (including agency mortgage-backed securities), loans, and selective parts of the short-duration high-yield and bank capital markets – offer an attractive income profile and favourable downside characteristics.

-In more traditional markets – such as US high-yield debt and US investment grade – credit spreads remain near the tightest (most expensive) levels seen over previous cycles; we see limited potential here for further price appreciation or attractive income.

-Our sector positioning favours areas such as utilities and financials, which are domestically oriented and therefore less likely to be impacted by trade tariffs.

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The above is an excerpt from Ninety One's second quarter Credit Chronicle. For more details and information: see document attached.

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If you are reading this story through a third party distribution channel and you cannot see charts included, we apologise, but technical limitations are to blame.

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FNArena is proud about its track record and past achievements: [Ten Years On]

RUDI'S VIEWS

Rudi's View: Five Bellwethers For August

In this week's Weekly Insights:

-Five Bellwethers For August
-A Nasty Surprise From Boss Energy
-Some Changes To Curated Lists
-FNArena Talks

By Rudi Filapek-Vandyck, Editor

Five Bellwethers For August

Looking back over the (more than) twenty years of closely monitoring corporate results seasons in Australia, one of the most commonly made mistakes by investors is assuming a share price that has already run hard leading into the result must by definition soon run out of oxygen.

This year's August season already presented us with the perfect example; global CPAP market leader ResMed ((RMD)).

With the share price up some 29% over the past twelve months, and rallying 9% in the immediate lead-in to Friday's Q4 result release, one could be inclined to assume the only logical outcome would be profit-taking or a sell-off from disappointment next, but the shares have added more gain and held their ground in an overall weaker market.

In a time of fragile sentiment, with indices near all-time record highs, and constant erratic tariff policy moves coming out of the White House, one can never be too confident about what the immediate future looks like, but if analysts updated modeling and forecasts are anything to go by, this share price still has a lot of upside potential in front of it.

FNArena's consensus price target has improved to $47.46 from $46 prior to Friday's update implying today's share price below $43 could still add more than 10% over the year ahead, dividends not included.

It is still early days, of course, but ResMed's continued outperformance echoes my personal observations from the two decades past.

It sends an apposite warning to investors ahead of the deluge in market updates forthcoming: don't give up on your winners simply because they have performed well and don't automatically assume that hiding in cheaper-priced market laggards is by default a winning strategy.

Regarding the latter, two other companies also reported thus far and both market laggards --Champion Iron ((CIA)) and Rio Tinto ((RIO))-- underwhelmed and saw their share price weaken post market update. Both share prices are now trading below price levels of this time last year.

Share markets have become extremely polarised post the 2020 pandemic and the past three years in particular have kept a lid on cyclicals and smaller cap stocks in general.

And while many a professional investor and market commentator has been predicting a broadening of the market's positive momentum for quite a while, the all-important question remains whether August will provide enough triggers for such a broadening of the rally into those segments largely ignored and left behind?

My personal view is August comes too early. Both the Federal Reserve and the RBA locally are still figuring out the possible effects from US import tariffs, as are, by the way, most CEOs and CFOs around the world.

While the general expectation is that consumer spending and housing construction will be in better shape by this time next year, there's still potential for disappointment and negative news in the shorter-term.

Flight Centre ((FLT)) just issued its second profit warning in four months. Its share price is now back where it was during the April sell-off. Appen's ((APX)) market update equally saw more selling orders kicking in.

Gold miner Greatland Resources ((GGP)) has only been listed for six weeks on the local bourse but it is already facing scrutiny about its updated guidance on costs, effectively translating into a proifit warning this early in its public existence in Australia.

Whereas many a market commentator is warning investors about a sizeable spike in volatility this season, the risks are not necessarily concentrated inside the 40% of ASX-listed companies that carried the index to a new record high three weeks ago.

Momentum Favours Telcos

Analysts have been busy mostly with reducing forecasts both during and after the school holidays in July. Consensus is now projecting the average earnings per share (EPS) to retreat by -1.7% from the year prior in FY25. It'll mark the third year in a row of net negative earnings growth for corporate Australia.

A lot has to do with the oversized importance of miners and energy companies, but also: the current consensus forecast for FY26 is a positive 4.8% average growth, albeit that number is now gradually sliding south (and probably will be lower by the end of this month).

Outside of miners and energy companies, most sectors carry positive expectations, but extreme polarisation remains the key word, including inside sectors. This set-up works in both directions, of course.

One sector caught my eye as it seems to stand out. Firstly, through positive share price performances. Secondly, through ongoing positive prospects. And thirdly, because of a lack of the extreme polarisation that still dominates most other market segments.

That sector is the local telecommunication sector with all of Telstra ((TLS)), Aussie Broadband ((ABB)), Superloop ((SLC)), TPG Telecom ((TPG)) and Tuas ((TUA)) enjoying a stamp of approval from most analysts covering the sector. The few representatives from New Zealand have arguably gone through a tougher time, but even there market dynamics seem to be improving.

If we stick to the five largest Aussie telcos on the ASX, all share prices are trading higher than in August last year and most share prices have caught positive momentum in recent weeks and months. No doubt, this is also the result of analysts gradually warming towards these companies and their (ongoing) potential for growth.

When it comes to growth, one should keep things in perspective for local market leader Telstra. Recent price hikes and overall rational competition is translating into firmer confidence about higher dividends forthcoming.

Add growing concerns about valuations inside the local banking sector and some doubts creeping in regarding the insurers and it should be no secret why Telstra is back in focus as a reliable, defensive, growing dividend payer.

Added feature: nil exposure to US import tariffs.

That latter characteristic equally applies to the three fast-growing challengers of Aussie Broadband and Superloop in Australia and Tuas in Singapore, as well as former market darling TPG Telecom, which is now a corporate turnaround story.

Apart from rational competition, recent pricing changes by the National Broadband Network (NBN) favoured the wholesalers over retail and this, analysts suspect, could facilitate added margin increases for the likes of Aussie Broadband and Superloop.

High levels of cash generation and asset sales (TPG) open up the prospect of share buybacks.

We will have to wait and see how increased expectations compare with actual results this month, but at face value it looks like Aussie telecom could be one of the eye-catching stand outs this season.

Five Bellwethers For August

Analysts at **Morgan Stanley** believe five stocks have the ability to shape trends and investor sentiment this month:

-CSL ((CSL))
-Insurance Australia Group ((IAG))
-Woolworths Group ((WOW))
-Stockland ((SGP))
-Telstra

After five years of notable underperformance, the analysts believe CSL is now arguably the most topical stock inside the local Top 20, with investors "highly focused on several catalysts that could reinforce or challenge an improved outlook".

With internal cost discipline and capital management emerging as important levers for sustaining long-term growth, Morgan Stanley believes the company's ability to navigate external pressures such as tariffs and vaccine sentiment will be at the core of how this month's market update will be received.

I mentioned creeping doubts about whether favourable dynamics for insurers can last for longer. Morgan Stanley believes investors will be scrutinising IAG's result for signs of (potentially) peaking industry conditions.

Shares in Woolworths have now underperformed major competitor Coles Group ((COL)) for more than 18 months. Historically, this is almost unheard of. But is Woolworths ready to close the gap and regain its former premium? Morgan Stanley sees Woolworths' result as a litmus test for portfolio positioning in staples.

Stockland should be an early indicator of improvement in housing-linked conditions. Its market update might well function as the bellwether for housing sentiment generally.

In case you missed it, analysts at Morgan Stanley point out, Telstra shares are up by 23% since its interim result release in February. No discussion, the positive turnaround in on the ground momentum has not gone unnoticed. But market positioning "feels crowded", say the analysts.

This, however, doesn't mean the road ahead can only result in disappointment for Australia's largest telco. There's ongoing optionality in further asset sales (InfraCo) and a generous bull case scenario would see the telco meaningfully lift its dividends, well above current market forecasts.

All shall be revealed over the four weeks ahead.

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FNArena's Corporate Results Monitor will soon start updating daily on corporate results:
https://fnarena.com/index.php/reporting_season/

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In preparation of August:

https://fnarena.com/index.php/2025/07/31/rudis-view-consumer-stocks-insurers-telcos-more/

https://fnarena.com/index.php/2025/07/24/rudis-view-bega-cheese-cettire-harvey-norman-sigma-siteminder-more/

https://fnarena.com/index.php/2025/07/23/rudis-view-extreme-bifurcation-ahead-of-august/

https://fnarena.com/index.php/2025/07/17/rudis-view-aussie-broadband-oohmedia-paladin-energy-seek-xero-more/

https://fnarena.com/index.php/2025/07/16/rudis-view-navigating-covid-legacies/

A Nasty Surprise From Boss Energy

Whether it be through Paladin Energy ((PDN)) or via Boss Energy ((BOE)), investing in the anticipated revival of nuclear energy around the globe has been a rather challenging exercise.

My response to some of the questions received of late:

Alas, the news is not that great. A large dose of uncertainty now overhangs Boss Energy's key operation.

If, as seems to be the case, the company will have to scale back the maximum capacity at which it can ever operate at Honeymoon, this will have a big impact on the company's valuation.

The good news is: the share price has fallen too deeply. You can also see this from Stock Analysis on the website.

Now comes the difficult part: when will the market be keen enough to fill the gap between share price and more reasonable valuations? That remains the multi-million dollar question.

Short-term: I wouldn't hold out for any kinds of miracles. I think current shareholders have to take some time and think this over.

Some changes to curated lists

Anyone who visited the All-Weathers section on the FNArena website lately would have noticed some changes have taken place, in particular regarding sub-selections around defensives and high-yielding dividend payers.

I wasn't happy with the prior set-up and inclusions but feel a lot more comfortable now.

Check it out at: https://fnarena.com/index.php/analysis-data/all-weather-stocks/

FNArena Talks

A replay of last weeks online Q&A is available: https://youtu.be/d30WGsiGWs0

Or simply visit the dedicated section on the website:

https://fnarena.com/index.php/analysis-data/fnarena-talks/

Model Portfolios, Best Buys & Conviction Calls

This section appears from now on every Thursday morning in a separate update on the website. See **Rudi's Views** for the archive going back to 2006 (not a typo).

FNArena Subscription

A subscription to FNArena (6 or 12 months) comes with an archive of Special Reports (21 since 2006); examples below.

(This story was written on Monday, 4th August 2025. It was published on the day in the form of an email to paying subscribers, and again on Wednesday as a story on the website).

(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their licensed investment advisor first, before making any decisions. All views are mine and not by association FNArena's see disclaimer on the website.

In addition, since FNArena runs a Model Portfolio based upon my research on All-Weather Performers it is more than likely that stocks mentioned are included in this Model Portfolio. For all questions about this: contact us via the direct messaging system on the website).

RUDI'S VIEWS

Rudi's View: AI Updates, Hot Favourites & First August Results

In today's edition:

-August Updates Are A-Comin'
-The Era Of Polarisation
-Morgan Stanley's Hot Favourites For August
-Attention Returns To AI Infrastructure
-FNArena Talks
-Review All-Weather Model Portfolio
-Best Buys & Conviction Calls

By Rudi Filapek-Vandyck

August Updates Are A-Comin'

The Australian corporate results season has officially started but, as per unofficial tradition, the pace of corporate releases remains rather glacial this early in the month.

By week's end FNArena's Corporate Results Monitor will only list some 18 companies, not more than a drop in the ocean given that number will be around 385 or so by early September, but that's just how this cookie crumbles in Australia nowadays.

Are there any conclusions that could possibly be drawn this early?

Nah. But we do note the REITs have been a positive contributor thus far, as anticipated by analysts covering the sector.

Plus all of ResMed ((RMD)), News Corp ((NWS)) and Credit Corp ((CCP)) managed to outperform forecasts while updates from REA Group ((REA)), AMP Ltd ((AMP)) and Pinnacle Investment Management ((PNI)) contained enough good news to keep the share price well-supported.

One might say the season has begun on a relative positive note, but let's not get overly excited just yet. There's literally a deluge in releases awaiting us over the coming three weeks (plus a bit).

By this time next week, the numbers will be a lot larger, but the bulk is reserved for the final two weeks of the month.

FNArena is keeping a close watch daily: https://fnarena.com/index.php/reporting_season/

The Era Of Polarisation

A timely reminder entered the inbox this week: it's not just share markets that are heavily polarised nowadays, the same observation applies to the economies underneath.

Economists at **Oxford Economics** shared the following observations about the US economy:

"The economy has slowed and is growing below its short-run potential, but this hasn't altered the bifurcated nature of the consumer, business environment, and labor market. This leaves the economy more vulnerable and masks some of the fissures beneath the aggregate economic data.

"High-income consumers are doing well while lower-income households are struggling. Trade and fiscal policy will reinforce the bifurcated consumer. The net impact of tariffs and fiscal policy will reduce the lowest-income quintiles' real disposable income by 2.5%-3% while boosting the highest incomes by the same amount.

"As large businesses can weather tariffs better, they outperform small ones, reinforcing recent labor market weakness. Employment among small businesses, the backbone of the labor market, has barely budged and fundamentals remain unfavorable.

"It's also a tale of two labor markets. It's a good labor market for those with a job, but a challenging one for those who are unemployed or not in the labor force but want a job. The bifurcated labor market can change quickly if layoffs increase, a significant risk to the forecasts."

Morgan Stanley's Hot Favourites For August

Analysts at **Morgan Stanley** tend to nominate their Conviction Ideas among smaller cap companies prior to each results season, and this time the tradition remains intact.

So far, the following four have been nominated:

-Tuas ((TUA))
-McMillan Shakespearre ((MMS))
-Generation Development ((GDG))
-Breville Group ((BRG))

Attention Returns To AI Infrastructure

On Tuesday and Wednesday, share prices in Macquarie Technology ((MAQ)), NextDC ((NXT)) and Goodman Group ((GMG)) enjoyed renewed buyers' interest as analysts at **Morgan Stanley** reiterated their positive projections --yet again-- for global spending on AI and the flow-on benefits for ASX-listed data centre operators.

Irrespective of the multiple challenges that lay ahead for the industry, Morgan Stanley's in-house view is that global data centre capacity is poised to grow at a 23%-plus CAGR between 2025 and 2030. In Australia, capacity is projected to grow from 1275MW today to 3200MW, which in layman's terms translates to more than double over 4.5 years.

The industry equally received some attention from Treasurer Jim Chalmers who declared data centres represent "a major opportunity" to position Australia as a global player in AI infrastructure.

Having had spent time with institutional investors holding about $3trn in capital, Chalmers stated for Australia to seize this opportunity, future success hinges on getting energy, zoning approvals, and workforce skills right.

He's confident any obstacles can be overcome.

Meanwhile, the quarterly corporate results season in the US is very much pointing in the direction of an acceleration in demand for data centres and cloud connectivity.

Earlier in the year, when doubt crept in and clouded global investor sentiment towards the future and outlook for AI, shares in NextDC et al sold off. To date they haven't fully recovered from that reversal in sentiment just yet.

Echoing the optimism also expressed by their colleagues at Morgan Stanley, **RBC Capital** analysts have been quick in pointing out Australian data centres should be among key beneficiaries from the positive mood emanating from market updates by major investors including Meta, Amazon, Google and Microsoft.

RBC Capital reminded investors it has Outperform ratings for NextDC (price target $20) and Macquarie Technology (Price target $95) and a Sector Perform, Speculative Risk rating for cloud connectivity player Megaport ((MP1)) (target $13).

Regular readers would be well aware all of Goodman Group, NextDC and Macquarie Technology are included in the **FNArena-Vested Equities All-Weather Model Portfolio** (see also further below).

In preparation of August:

https://fnarena.com/index.php/2025/08/06/rudis-view-five-bellwethers-for-august/

https://fnarena.com/index.php/2025/07/30/rudis-view-taking-stock-ahead-of-august/

https://fnarena.com/index.php/2025/07/24/rudis-view-bega-cheese-cettire-harvey-norman-sigma-siteminder-more/

https://fnarena.com/index.php/2025/07/23/rudis-view-extreme-bifurcation-ahead-of-august/

https://fnarena.com/index.php/2025/07/17/rudis-view-aussie-broadband-oohmedia-paladin-energy-seek-xero-more/

https://fnarena.com/index.php/2025/07/16/rudis-view-navigating-covid-legacies/

FNArena Talks

As per tradition, my interview with Livewire Markets ahead of August results:

https://livewiremarkets.com/wires/rudi-it-s-not-a-bubble-ai-s-next-winners-and-what-investors-are-overlooking

Same video on YouTube:

https://youtube.com/watch?v=zacYSeVdqW4

Review All-Weather Model Portfolio

The financial year ending on June 30th 2025 featured the return of Donald Trump in the White House and of extreme market volatility.

The second half of the year also saw doubt creeping into general sentiment towards AI and demand for data centres.

All in all, a gain of 13.85% (pre-fees) for the twelve months is not something to be unhappy about, right?

FY25 review of the All-Weather Model Portfolio:
https://fnarena.com/index.php/download-article/?n=4B38C0EF-A173-8CE6-736A7AFC7B19FC49

Best Buys & Conviction Calls

Bell Potter's Buy-rated ASX-listed **agricultural stocks**:

-Australian Agricultural Company ((AAC))
-Bega Cheese ((BGA))
-Elders ((ELD))
-Noumi Ltd ((NOU))
-Nufarm ((NUF))
-Rural Funds ((RFF))
-Select Harvests ((SHV))

Bell Potter's sector preferences for the financial year ahead.

Listed Investment Companies ((LICs)
-Australian Foundation Investment Company ((AFI))
-Metrics Master Income Trust ((MXT))
-MFF Capital Investments ((MFF))

Agricultural & Fast Moving Consumer Goods (FMCG)
-Bega Cheese ((BGA))
-Rural Funds Group ((RFF))
-Elders ((ELD))

Technology
-WiseTech Global ((WTC))
-Gentrack ((GTK))
-Seek ((SEK))

Diversified Financials
-Cuscal ((CCL))
-Praemium ((PPS))
-Regal Partners ((RPL))

Real Estate
-Aspen Group ((APZ))
-Cedar Woods ((CWP))
-Region Group ((RGN))

Retail
-JB Hi-Fi ((JBH))
-Universal Store Holdings ((UNI))
-Propel Funeral Partners ((PFP))

Industrials
-LGI Ltd ((LGI))
-Environmental Group ((EGL))

Healthcare
-Telix Pharmaceuticals ((TLX))
-Neuren Pharmaceuticals ((NEU))
-Monash IVF ((MVF))

Gold
-Minerals 260 ((MI6))
-Santana Minerals ((SMI))
-Evolution Mining ((EVN))

Base Metals
-Aeris Resources ((AIS))
-Nickel Industries ((NIC))
-AIC Mines ((A1M))

Strategic Minerals & Processing Technologies
-Alpha HPA ((A4N))
-IperionX ((IPX))

Energy
-Boss Energy ((BOE))

Mining & Industrial Services
-Develop Global ((DVP))
-ALS Ltd ((ALQ))
-Duratec ((DUR))

****

favourites inside the local small cap retail space (in order of preference) as selected by **Retail sector** analysts at **Citi:**

-Universal Store Holdings ((UNI))
-Baby Bunting ((BBY))
-Nick Scali ((NCK))
-Temple & Webster ((TPW))
-Beacon Lighting ((BLX))
-Harvey Norman ((HVN))
-Accent Group ((AX1))
-Super Retail ((SUL))
-Premier Investments ((PMV))
-Bapcor ((BAP))
-Lovisa Holdings ((LOV))

****

Crestone's Best Sector Ideas:

-Ampol ((ALD))
-APA Group ((APA))
-Aristocrat Leisure ((ALL))
-Beach Energy ((BPT))
-Brambles ((BXB))
-Cochlear ((COH))
-CSL ((CSL))
-Goodman Group ((GMG))
-IGO Ltd ((IGO))
-James Hardie Industries ((JHX))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Monadelphous Group ((MND))
-REA Group ((REA))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Xero ((XRO))

Crestone's selection for **sustainable income**:

-Amcor ((AMC))
-Ampol ((ALD))
-ANZ Bank ((ANZ))
-APA Group ((APA))
-Atlas Arteria ((ALX))

-Beach Energy ((BPT))
-BHP Group ((BHP))
-Car Group ((CAR))
-Coles Group ((COL))
-Dalrymple Bay Infrastructure ((DBI))
-Iress ((IRE))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Mirvac Group ((MGR))
-Pro Medicus ((PME))
-QBE Insurance ((QBE))
-RAM Essential Services ((REP))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Tabcorp Holdings ((TAH))
-Telstra Group ((TLS))

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Goldman Sachs' selection of local **Conviction Buys**:

-Goodman Group ((GMG))
-ResMed ((RMD))
-Worley ((WOR))

Unibail-Rodamco-Westfield ((URW)) is also included for its Paris listing with the local listing about to disappear.

****

Jarden's 18 Best Ideas among Australia's **small caps** ("emerging companies") includes the following **Key Picks** considered offering the highest potential return, in order of projected total investment reward:

-GQG Partners ((GQG))
-Dicker Data ((DDR))
-Universal Store Holdings ((UNI))
-Qualitas ((QAL))
-EVT Ltd ((EVT))
-Pinnacle Investment Management ((PNI))
-Temple & Webster ((TPW))
-SiteMinder ((SDR))

The other ten stocks selected:

-Aussie Broadband ((ABB))
-Arena REIT ((ARF))
-Genesis Energy ((GNE))
-Harvey Norman ((HVN))
-Integral Diagnostics ((IDX))
-Karoon Energy ((KAR))
-Michael Hill ((MHJ))
-Pepper Money ((PPM))
-Symal Group ((SYL))
-Vault Minerals ((VAU))

****

Macquarie's **small caps** desk nominated its favourites (**Best Picks)** ahead of the August results season.

-Aussie Broadband ((ABB))
-Amotiv ((AOV))
-AUB Group ((AUB))
-Alpha HPA ((A4N))
-Bega Cheese ((BGA))
-Capstone Copper ((CSC))
-Codan ((CDA))
-Genesis Minerals ((GMD))
-Iluka Resources ((ILU))
-Integral Diagnostics ((IDX))
-Harvey Norman ((HVN))

-Jumbo Interactive ((JIN))
-Lovisa Holdings ((LOV))
-Maas Group ((MGH))
-Megaport ((MP1))
-Monadelphous ((MND))
-Neuren ((NEU))
-Nick Scali ((NCK))
-oOh!media ((OML))
-Pinnacle Investment Management ((PNI))
-Qualitas ((QAL))
-Reliance Worldwide ((RWC))
-SiteMinder ((SDR))
-Summit Minerals ((SUM))
-Universal Store Holdings ((UNI))
-Ventia Services ((VNT))
-Web Travel Group ((WEB))

****

Morgans' selection of **Best Ideas** consists of the following 29 ASX-listed companies:

Acrow ((ACF))
ALS Ltd ((ALQ))
Amotiv ((AOV))
BHP Group ((BHP))
Collins Foods ((CKF))
Corporate Travel Management ((CTD))
CSL ((CSL))
Dalrymple Bay Infrastructure ((DBI))
Dexus Convenience Retail REIT ((DXC))
DigiCo Infrastructure REIT ((DGT))
EBR Systems ((EBR))
Elders ((ELD))
Goodman Group ((GMG))
Guzman y Gomez ((GYG))
James Hardie Industries ((JHX))
Light & Wonder ((LNW))
Lovisa Holdings ((LOV))
MA Financial Group ((MAF))
Megaport ((MP1))
Orica ((ORI))
Pinnacle Investment Management ((PNI))
ResMed ((RMD))
South32 ((S32))
Treasury Wine Estates ((TWE))
Qualitas ((QAL))
Universal Store Holdings ((UNI))
Whitehaven Coal ((WHC))
WiseTech Global ((WTC))
Woodside Energy ((WDS))

****

Morgan Stanley's six **Conviction stock picks** that each represent a compelling individual investment case underpinned by idiosyncratic drivers and the ability to deliver earnings upside, believed to be underappreciated by the market.

-WiseTech Global ((WTC))
-Charter Hall Group ((CHC))
-Suncorp Group ((SUN))
-Life360 Inc ((360))
-Generation Development Group ((GDG))
-Data#3 ((DTL))

Morgan Stanley's Macro+ Focus List in Australia is currently made up of:

-Aristocrat Leisure ((ALL))
-ANZ Bank ((ANZ))
-Car Group ((CAR))

-Goodman Group ((GMG))
-GPT Group ((GPT))
-James Hardie Industries ((JHX))
-Orica ((ORI))
-Santos ((STO))
-Suncorp Group ((SUN))
-Xero ((XRO))

Morgan Stanley's **Australia Macro+ Model Portfolio** is currently made up of the following:

-ANZ Bank ((ANZ))
-CommBank ((CBA))
-National Australia Bank ((NAB))
-Westpac ((WBC))

-Macquarie Group ((MQG))

-Suncorp Group ((SUN))

-Goodman Group ((GMG))
-GPT Group ((GPT))
-Scentre Group ((SCG))
-Stockland ((STG))

-Aristocrat Leisure ((ALL))
-Eagers Automotive ((APE))
-CAR Group ((CAR))
-Domino's Pizza ((DMP))
-The Lottery Corp ((TLC))
-Wesfarmers ((WES))
-WiseTech Global ((WTC))
-Xero ((XRO))

-James Hardie ((JHX))

-Amcor ((AMC))
-Cleanaway Waste Management ((CWY))
-Orica ((ORI))

-Coles Group ((COL))

-CSL ((CSL))
-ResMed ((RMD))

-AGL Energy ((AGL))
-Telstra ((TLS))
-Transurban ((TCL))

-BHP Group ((BHP))
-Newmont Corp ((NEM))
-Rio Tinto ((RIO))
-South32 ((S32))

-Santos ((STO))
-Woodside Energy ((WDS))

****

Morningstar's Equity Best Ideas (Conviction Buy Calls by any other name, mostly chosen because of under-valuation).

-Auckland International Airport ((AIA))
-ASX Ltd ((ASX))
-Aurizon Holdings ((AZJ))
-Bapcor ((BAP))
-Dexus ((DXS))
-Domino's Pizza Enterprises ((DMP))
-Endeavour Group ((EDV))

-Fineos Corp ((FCL))
-IDP Education ((IEL))
-IGO Ltd ((IGO))
-Ramsay Health Care ((RHC))
-SiteMinder ((SDR))
-Spark New Zealand ((SPK))
-Woodside Energy ((WDS))

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Ord Minnett's High Conviction calls (all nominations made by sector analysts on a 12 month horizon):

-Aussie Broadband ((ABB))
-Brazilian Rare Earths ((BRE))
-Bubs Australia ((BUB))
-Cuscal ((CCL))
-Qoria ((QOR))
-Regis Healthcare ((REG))
-SiteMinder ((SDR))
-Vault Minerals ((VAU))
-Waypoint REIT ((WPR))
-Zip Co ((ZIP))

****

Shaw and Partners' Large Caps Model Portfolio:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BlueScope Steel ((BSL))
-Brambles ((BXB))
-Dexus ((DXS))
-Macquarie Group ((MQG))
-Newmont Corp ((NEM))
-South32 ((S32))

Shaw and Partners' **emerging companies Top Picks**:

-AML3D ((AL3))
-Australian Vanadium ((AVL))
-Bannerman Energy ((BMN))
-Chrysos ((C79))
-Humm Group ((HUM))
-Metro Mining ((MMI))
-Santana Minerals ((SMI))
-Southern Cross Electrical ((SXE))

****

UBS's Most Preferred Stocks in Australia

In Resources segment:
-BHP Group ((BHP))
-BlueScope Steel ((BSL))
-Newmont Corp ((NEM))
-Orica ((ORI))
-Origin Energy ((ORG))

Among Financials & A-REITs:
-Dexus ((DXS))
-Lifestyle Communities ((LIC))
-Mirvac Group ((MGR))
-Medibank Private ((MPL))
-QBE Insurance ((QBE))
-Steadfast Group ((SDF))

Among Industrials:
-Brambles ((BXB))
-Collins Foods ((CKF))

-Cochlear ((COH))
-Coles Group ((COL))
-NextDC ((NXT))
-REA Group ((REA))
-ResMed ((RMD))
-SGH Ltd ((SGH))
-TechnologyOne ((TNE))
-Telstra Corp ((TLS))
-Telix Pharmaceuticals ((TLX))
-WiseTech Global ((WTC))

UBS's Least Preferred Stocks in Australia

-Aurizon Holdings ((AZJ))
-ASX Ltd ((ASX))
-Bank of Queensland ((BOQ))
-CommBank ((CBA))
-Charter Hall Group ((CHC))
-Computershare ((CPU))
-Evolution Mining ((EVN))
-Temple & Webster ((TPW))

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Wilsons' Key Investment Opportunities:

-Goodman Group ((GMG))
-Pinnacle Investment Management ((PNI))
-ResMed ((RMD))
-WiseTech Global ((WTC))
-Woolworths ((WOW))

High conviction investment ideas:

-ARB Corp ((ARB))
-Maas Group ((MGH))
-Nanosonics ((NAN))
-Ridley Corp ((RIC))
-SiteMinder ((SDR))

Speculative idea:

-Clarity Pharmaceuticals ((CU6))

Wilsons' Focus Portfolio currently contains the following:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BHP Group ((BHP))
-Brambles ((BXB))
-Car Group ((CAR))
-Collins Foods ((CKF))
-CSL ((CSL))
-Evolution Mining ((EVN))
-Goodman Group ((GMG))
-HealthCo Healthcare & Wellness REIT ((HCW))
-Hub24 ((HUB))
-James Hardie ((JHX))
-Macquarie Group ((MQG))
-Northern Star Resources ((NST))
-Pinnacle Investment Managers ((PNI))
-ResMed ((RMD))
-Sandfire Resources ((SFR))
-Santos ((STO))
-South32 ((S32))
-TechnologyOne ((TNE))
-Telix Pharmaceuticals ((TLX))
-The Lottery Corp ((TLC))
-Westpac Bank ((WBC))
-WiseTech Global ((WTC))
-Woolworths Group ((WOW))

-Worley ((WOR))
-Xero ((XRO))

Paying subscribers have 24/7 access to my curated lists, including All-Weather Performers at: https://fnarena.com/index.php/analysis-data/all-weather-stocks/

(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their licensed investment advisor first, before making any decisions.)

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P.S. II - *If you are reading this story through a third party distribution channel and you cannot see charts included,* we apologise, but technical limitations are to blame.

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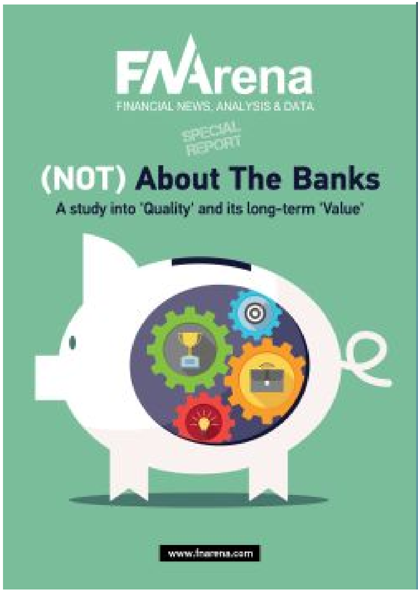

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WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 01-08-25

Weekly update on stockbroker recommendation, target price, and earnings forecast changes.

By Mark Woodruff

Guide:

The FNArena database tabulates the views of eight major Australian and international stockbrokers: Citi, Bell Potter, Macquarie, Morgan Stanley, Morgans, Ord Minnett, Shaw and Partners and UBS.

For the purpose of broker rating correlation, Outperform and Overweight ratings are grouped as Buy, Neutral is grouped with Hold and Underperform and Underweight are grouped as Sell to provide a Buy/Hold/Sell (B/H/S) ratio.

Ratings, consensus target price and forecast earnings tables are published at the bottom of this report.

Summary

Period: Monday July 28 to Friday August 1, 2025
Total Upgrades: 5
Total Downgrades: 8
Net Ratings Breakdown: Buy 59.90%; Hold 32.00%; Sell 8.09%

For the week ended Friday, August 1, 2025, FNArena tracked five upgrades and eight downgrades for ASX-listed companies from brokers monitored daily.

DroneShield received upgrades to Buy from Hold via both Bell Potter and Shaw and Partners due to a stronger-than-expected cash flow performance in the first half of 2025.

Primarily driven by higher customer receipts and lower-than-anticipated inventory levels, operating cash outflow of -$4.4m compared to Bell Potter's -$25.5m forecast and investing cash outflow of -$11.9m came in below the anticipated -$16.7m.

Management appears well placed to maintain its strong performance, with $176.3m in revenue already secured for delivery in 2025 as of July 22, around 90% of the broker's full-year forecast of $195.4m.

Shaw now views the business as having passed a key inflection point, shifting from capex-heavy to cash generative, supported by scale, a light balance sheet, and clear revenue visibility.

The company held a cash balance of $192m as of 24 July, highlighted Bell Potter.

On the flipside, Whitehaven Coal received two downgrades to Hold (or equivalent) from Buy following its June quarterly operational result.

While the coal producer met run-of-mine (ROM) production and coal sales guidance, with Queensland ROM output exceeding expectations, Bell Potter downgraded its rating following a rally in the share price.

Citi downgraded for the same reason, noting June quarter production and costs were strong, with FY25 cost guidance of $139/t beating the $140–155/t guidance range, while saleable production of 7.76mt proved 9% above the broker's estimate.

Last week's average target price revisions were relatively balanced between upgrades and downgrades, as reflected in the tables below. In contrast, the magnitude of downward earnings forecast revisions significantly outweighed the extent of upgrades.

While Syrah Resources received the largest percentage upgrade to average target price, this was solely due to the reintroduction of Shaw into the FNArena database after a hiatus in research coverage by the broker.

The analysts updated their view following the company's June quarter results. Production at Balama (natural flake graphite) in Mozambique resumed for the first time in over 12 months, with management seeking to capitalise on ex-China demand growth and supportive US trade policies.

These external factors are expected to underpin progress at the Vidalia downstream facility in Louisiana, which is focused on producing active anode material for lithium-ion batteries. This should help Syrah transition to consistent operating cash flow, suggested the broker.

Mineral Resources was next with a nearly 15% increase in average target after a strong operational performance in the fourth quarter, but not everyone is comfortable with the level of debt and the outlook for commodity prices as explained at
https://fnarena.com/index.php/2025/08/01/execution-remains-key-for-mineral-resources/

Boss Energy received the largest percentage decrease in average target from brokers after FY26 guidance (issued as part of the June quarter update) raised doubts over the ability of its Honeymoon mine to reach nameplate capacity, clouding the outlook and raising valuation concerns.

Morgan Stanley suggested uncertainty will continue to weigh heavily on the stock price, given the absence of a clear timeline for when independent experts will begin or complete their review of Honeymoon. For further broker views see https://fnarena.com/index.php/2025/07/30/honeymoon-uncertainty-clouds-boss-outlook/

Healius saw its average target fall -12% following Citi's target cut to 85c from $1.05. The broker applied more conservative margin assumptions despite modest expansion in collection centre numbers, up 1% since December and 2% year-on-year.

Flight Centre Travel and Champion Iron also appear in the list for negative change to average price target with falls of circa -10% and -8%, respectively.

Flight Centre downgraded FY25 underlying profit guidance by -9% at the midpoint, which reflects volatile trading conditions, according to Macquarie, as well as ongoing underperformance in Asia over the second half of FY25.

Unfortunately, the analyst at Morgans expects the first half of FY26 will remain challenging for the travel agent, with time needed for internal business initiatives to take effect and improve profitability.

For Champion Iron, here Citi attributed a weaker-than-expected first quarter FY26 result to elevated costs and lower recoveries.

The disappointment for Macquarie, which downgraded to Neutral from Outperform, was on the cost side, which was -10% worse than the broker's estimate and contributed to a -44% miss against the broker's earnings forecast.

Wedged between Boss Energy and Champion Iron on the table for negative change to earnings are miners Pilbara Minerals, Paladin Energy, and Stanmore Resources.

The appearance of Pilbara Minerals in the table should be ignored due to the small forecast numbers involved which heightened the percentage move in forecasts.

Fourth quarter production and sales of lithium beat consensus by 16% and 12%, respectively, while costs were in line but realised prices missed by -4%, noted Macquarie.

Paladin Energy again managed to disappoint the market.

While Langer Heinrich delivered a strong June quarter operationally, with production up 33% quarter-on-quarter, well ahead of the consensus forecast, Ord Minnett noted this performance was overshadowed by a disappointing average realised U3O8 price, nearly -20% below both spot and consensus expectations.

Wet weather impacted Stanmore Resources' fourth quarter results, with saleable coal production below Citi's forecast by -7% and coal sales a -3% miss.

Nonetheless, Stanmore remains Ord Minnett's preferred exposure to leverage on metallurgical coal, which accounts for around 97% of the miner's revenue.

Turning to rises in average earnings forecasts, here Newmont Corp and Bubs Australia sit atop the week's table with respective 24% and 23% increases last week following better-than-expected June quarter results.

Newmont Corp announced "robust" quarterly gold production, according to Macquarie, which came in 6% above the consensus expectation. All-in-sustaining costs were also lower, resulting in better-than-forecast earnings and free cash flow.

Management reconfirmed 2025 guidance, which appeared conservative to the analyst at UBS. The miner also announced an additional US$3bn share buyback program.

For Bubs Australia, guidance for FY25 earnings of between $5.5–6.0m, which included a $3.6m settlement benefit, exceeded Shaw's $2.5m forecast, with June quarter earnings of $4.3m marking a sharp year-on-year recovery.

Gross margin for FY25 came in at 47.2%, slightly below FY24 but above the broker's FY26 forecast, despite ongoing uncertainty around US tariffs.

Bell Potter noted operating and net cash improved during the quarter, with the $17.4m balance for net cash comparing to $12.5m at the end of quarter three.

Appearing next on the earnings upgrade list are Lotus Resources, IGO Ltd, and Persius Mining.

Lotus has restarted its Kayelekera operation (first production due in the September quarter) in what has been a relatively smooth process compared to difficulties experienced by peers Boss Energy and Paladin Energy. Ord Minnett opined both peers reported "dismal" June quarter results.

IGO Ltd reported mixed fourth quarter results with a production miss offset by beats for sales and earnings, noted Macquarie.

While cash burn is declining, Citi still sees an IGO exit from the Kwinana downstream lithium processing joint venture in some shape or form as a key catalyst.

Perseus Mining ended FY25 strongly, in the assessment of UBS, producing 121koz in the June quarter, meeting the upper end of full-year guidance and outperforming the broker's cost expectations.

Investment manager Regal Partners also appears on the earnings upgrade table following a positive update ahead of interim results on August 25.

Regal experienced an increase in fee generating funds under management (FUM) during the June quarter and management now expects a normalised profit of at least $40m for FY25, exceeding the previous consensus forecast of $34.6m.

The increase in FUM came in 9% ahead of Ord Minnett's forecast driven by strong gains in Regal's long-short equity strategy, largely reflecting investment performance. Performance fees also rebounded.

Bell Potter stated shares of Regal are undervalued. For other broker views see https://fnarena.com/index.php/2025/07/29/regal-partners-recovers-performance-fee-mojo/

Total Buy ratings in the database comprise 59.90% of the total, versus 32.00% on Neutral/Hold, while Sell ratings account for the remaining 8.09%.

Upgrade

AERIS RESOURCES LIMITED ((AIS)) Upgrade to Speculative Buy from Hold by Ord Minnett .B/H/S: 3/0/0

Aeris Resources is upgraded to Speculative Buy from Hold by Ord Minnett, with a target set at 28c, up from 23c.

A recent site visit highlighted a new strategy by management to deliver value for shareholders via growth at Tritton, which is viewed by the analyst as a positive move.

Commentary suggests the proof will be in the operational realisation, with successful asset sales and a reduction in debt.

Management also provided FY26 guidance for copper equivalent production of 40-49kt, as well as higher capex of over -$49m, Ord Minnett forecasts.

The higher spend is likely to suppress cash flows in 1H26, with the delivery of the Murra open pit expected to contribute copper production in 2H26.

DRONESHIELD LIMITED ((DRO)) Upgrade to Buy from Hold by Bell Potter and Upgrade to Buy from Hold by Shaw and Partners.B/H/S: 2/0/0

The highlight of DroneShield's 2Q25 update was an improved cash flow, with operating cash outflow of -$4.4m significantly higher than Bell Potter's forecast, and investing cash flow also beating estimates.

The outcome was attributed to higher customer receipts and lower-than-expected inventory. Revenue in the 1H was largely in line with the broker's estimate.

The company's contracted revenue for FY25 is already at 90% of the broker's forecast, with sales pipeline at a robust $2.3bn.

No major changes to forecasts. Target unchanged at $3.80. Rating upgraded to Buy from Hold.

Shaw and Partners upgrades DroneShield to Buy from Hold, with the target price rising to $3.60 from $2, as the company's 4C update has offered confirmation to the analyst that it has crossed an important threshold towards generating free cash flow.

In the June quarter, the company's net operating cash came in at $13.4m, with liquidity around $204m and no debt. The analyst observes the cost base is growing due to baseline fixed opex rising to circa $8.5m per month, up from $6.5m in the prior quarter, with the scaling of employees and facilities.

Headcount now stands at 363, including 285 engineers, and manufacturing capacity is being scaled to $2.4bn annually from $0.5bn. DroneShield has a sales pipeline of $2.33bn across 284 live opportunities, notes the broker.

Shaw and Partners lifts its earnings estimates by 15% and 20% for FY25 and FY26, respectively.

JAMES HARDIE INDUSTRIES PLC ((JHX)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 4/2/0

Macquarie has taken a forward-looking approach to James Hardie Industries following the completion of Azek acquisition, highlighting the underlying economics of Azek's product is attractive. The broker sees big opportunity from Azek's supply chain.

The broker has now factored in 50% of the commercial synergies, largely related to cross-sell oriented opportunities. The company's debt position is a key risk but the broker expects rapid deleveraging, reaching 2.4x ND/EBITDA in FY27 and 1.6x in FY28 from 3.3x in FY26.

EPS forecasts cut by -16% for FY26 and by -12% for FY27 on dilutionary impact of the Azek deal.

Target rises to $46.80 from $39.80 on revisions to valuation multiples. Rating upgraded to Outperform from Neutral.

MINERAL RESOURCES LIMITED ((MIN)) Upgrade to Hold from Trim by Morgans .B/H/S: 3/3/1

Morgans upgrades Mineral Resources to Hold from Trim, with a rise in the target price to $31 from $30 previously, as the company's FY25 guidance met expectations across all segments, the analyst highlights.

Importantly, Onslow is on track to reach nameplate capacity in 1Q26, and net debt is anticipated to be around $5.35bn at the end of FY25.

Iron ore unit costs for FY25 were at the lower end of guidance for both Onslow and the Pilbara Hub, with lithium costs at the midpoint of guidance. Repairs on the Onslow haul road are on track for completion over 1Q26.

Morgans is positive that Mineral Resources can continue to degear the balance sheet and that the new board appointments can address governance issues.

See also MIN downgrade.

<u>Downgrade</u>

CHAMPION IRON LIMITED ((CIA)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 2/1/0

Champion Iron's 1Q26 production missed Macquarie and consensus forecasts by an average -5% but shipments beat the consensus on higher inventory drawdown.

The disappointment was on the cost side which was 10% higher than the broker's estimate, and contributed to the -44% miss to the EBITDA forecast. Net debt was in line due to CA$36m proceeds from warrants.

The broker made significant cuts to FY26-28 EPS forecasts on higher costs and share count.

Target cut to $5.00 from $5.60. Rating downgraded to Neutral from Outperform.

FORTESCUE LIMITED ((FMG)) Downgrade to Sell from Neutral by UBS .B/H/S: 2/3/2

Fortescue Metals delivered a stronger-than-expected June quarter, according to UBS, capping off a record FY25 with 198.4mt in shipments and C1 costs of US$17.99/t, -6% below consensus.

FY26 guidance implies to the broker modest shipment growth (195–205mt), creeping operating costs, and a lift in sustaining and decarbonisation capex to -$3.6-4.3bn, offset partly by a reduced energy capex profile.

Iron Bridge shipments were 30% above consensus in the quarter, highlight the analysts, and the balance sheet remains strong with net debt of US$1.1bn versus consensus of US$1.9bn.

UBS downgrades to Sell from Neutral, while raising its price target to $17.40 from $16.20. Recent share price gains and a softer iron ore outlook drive the broker's valuation caution.

GQG PARTNERS INC ((GQG)) Downgrade to Hold from Buy by Morgans .B/H/S: 4/1/0

Morgans lowered its rating on GQG Partners to Hold from Buy to reflect the risk of negative net flows given recent investment underperformance.

Target price is cut to $2.10 from $2.65 mainly due to the broker applying temporary discount to align with the downgraded rating.

At the same time, the broker has flagged the potential for index buying demand if the likely index inclusion (ASX200/300) under proposed S&P changes after September 19 close materialises.

At the upcoming 1H25 results, the broker expects underlying net profit of US$218.1m, up 8.4% y/y but down -5.2% sequentially. Focus will be on commentary around flows.

HELLOWORLD TRAVEL LIMITED ((HLO)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 1/2/0

Ord Minnett downgrades Helloworld Travel to Hold from Buy due to the robust rally in the share price. Target slips to $1.76 from $1.93.

The company announced a trading update and FY25 guidance, with the earnings (EBITDA) range rising to $58m–$62m from $52m–$56m, which includes a $5.2m revaluation of Webjet Group ((WJL)) shares held.

Total travel volumes declined on a year earlier due to "marginally lower customer numbers, changes in destination mix to short-haul vs long-haul destinations, and lower airfares".

The broker estimates cash on hand at FY25-end at around $88m, with holdings in Corporate Travel Management ((CTD)) and Webjet supporting the balance sheet by around $11m and $54m, respectively.

Ord Minnett lowers its FY25 EPS forecast by -7% and by -2% for FY26.

MINERAL RESOURCES LIMITED ((MIN)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 3/3/1

Macquarie downgrades Mineral Resources to Underperform from Neutral. Target price rises to $29 from $22 on improved lithium costs and earnings outlook.

The analyst highlights risks around the Pilbara Hub, which is viewed as under threat if iron ore prices fall below US$90/t, as forecast by the broker over FY26/FY27.

The 4Q25 report showed across-the-board better-than-expected results, with Onslow shipments above by 4%, Pilbara Hub by 5%, Mt Marion by 6%, and Wodgina by 4%. FY25 guidance for Onslow was in line with the analyst's forecast.

Net debt came in $0.2bn better than anticipated, and management pointed to FY26 capex of around -$1bn.

Macquarie lifts its EPS estimate by 24% for FY25 and lowers FY26 by -20%.

See also MIN upgrade.

MACQUARIE GROUP LIMITED ((MQG)) Downgrade to Hold from Accumulate by Morgans .B/H/S: 1/4/0

Macquarie Group’s 1Q26 group net profit contribution was down year-on-year, highlights Morgans, reflecting weaker-than-expected earnings.

Improved results in Banking and Financial Services and Macquarie Capital were offset by lower contributions from Asset Management (MAM) and Commodities & Global Markets, explains the analyst.

Management maintained FY26 guidance, though Morgans flags the need for a stronger second half to meet the $4.1bn profit consensus estimate, which implies 12% growth.

CFO Alex Harvey will step down at the end of December, a loss in the broker's opinion, given his market reputation and succession potential.

According to Morgans, key operational highlights include 1% growth in MAM assets under management (AUM), $23.5bn in private market dry powder, and 6% sequential growth in the $150bn home loan portfolio.

The analyst also highlights a weaker commodities trading performance, and strong advisory fee income, especially in North America.

Morgans lowers its price target marginally to $222.87 from $223.89. The rating is downgraded to Hold from Accumulate on valuation.

WHITEHAVEN COAL LIMITED ((WHC)) Downgrade to Neutral from Buy by Citi and Downgrade to Hold from Buy by Bell Potter.B/H/S: 3/4/0

After a deeper analysis of Whitehaven Coal's June quarter report, Citi concluded production and costs beat expectations but operations free cash flow was lower than expected.

The broker cut underlying EBITDA forecast for FY25 by -14% and lifted FY26 by 1.6%.

Target price rises to $7.10 from $7.00. Rating downgraded to Neutral from Buy.

Whitehaven Coal reported a strong quarterly rebound, suggests Bell Potter, with managed run-of-mine (ROM) production of 10.6mt (versus 9.5mt expected by the broker) and saleable production of 7.8mt against 7.9mt forecast.

Equity sales of 6.0mt were below the broker's 6.5mt forecast due to shipping delays from poor weather, though Maules Creek delivered well on thermal coal output.

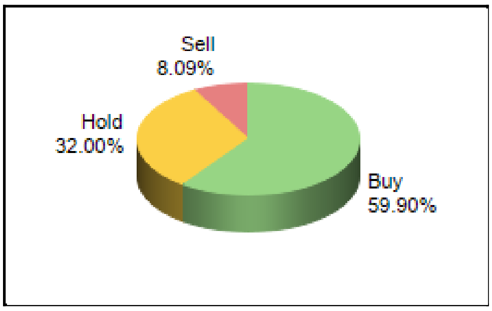
FY25 guidance was met, highlight the analysts, with group production and sales reaching the upper end of the range, and both unit costs and capex coming in below guidance.

The company ended FY25 with net debt of $0.6bn after the first -US$500m payment for the BMA acquisition.

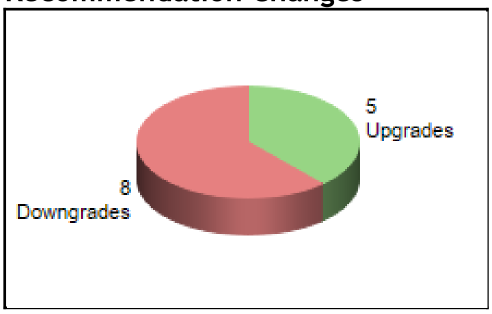
FY26 guidance, due August 21, will likely include stronger Narrabri volumes and lower unit costs, suggest the analysts.

Bell Potter lowers its target price to $6.90 from $7.10 and downgrades to Hold from Buy.

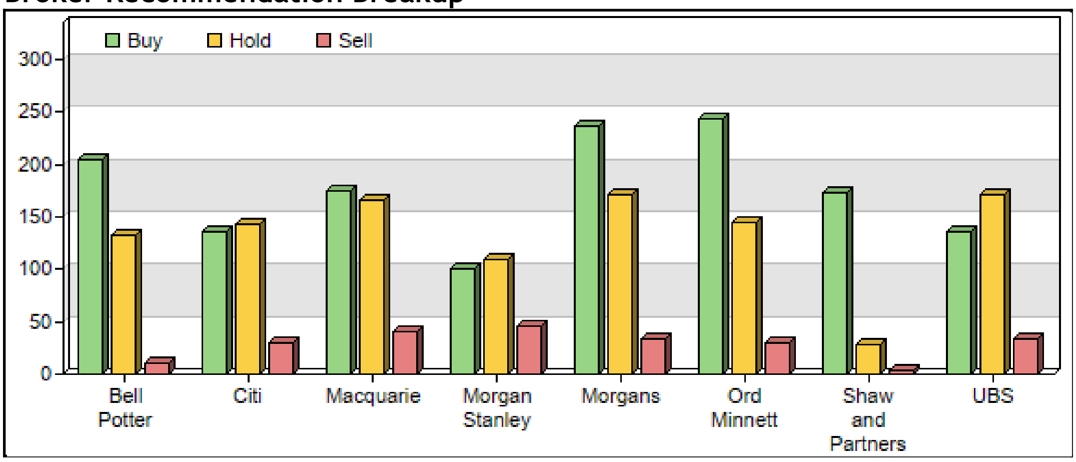
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	AERIS RESOURCES LIMITED	Buy	Neutral	Ord Minnett
2	DRONESHIELD LIMITED	Buy	Neutral	Shaw and Partners

3	DRONESHIELD LIMITED	Buy	Neutral	Bell Potter
4	JAMES HARDIE INDUSTRIES PLC	Buy	Neutral	Macquarie
5	MINERAL RESOURCES LIMITED	Neutral	Sell	Morgans
Downgrade				
6	CHAMPION IRON LIMITED	Neutral	Buy	Macquarie
7	FORTESCUE LIMITED	Sell	Neutral	UBS
8	GQG PARTNERS INC	Neutral	Buy	Morgans
9	HELLOWORLD TRAVEL LIMITED	Neutral	Buy	Ord Minnett
10	MACQUARIE GROUP LIMITED	Neutral	Buy	Morgans
11	MINERAL RESOURCES LIMITED	Sell	Neutral	Macquarie
12	WHITEHAVEN COAL LIMITED	Neutral	Buy	Citi
13	WHITEHAVEN COAL LIMITED	Neutral	Buy	Bell Potter

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	SYR	SYRAH RESOURCES LIMITED	0.400	0.333	20.12%	4
2	MIN	MINERAL RESOURCES LIMITED	31.000	27.071	14.51%	7
3	JLG	JOHNS LYNG GROUP LIMITED	3.420	3.160	8.23%	5
4	PLS	PILBARA MINERALS LIMITED	1.707	1.579	8.11%	7
5	NEM	NEWMONT CORPORATION REGISTERED	110.400	102.400	7.81%	5
6	DHG	DOMAIN HOLDINGS AUSTRALIA LIMITED	3.686	3.450	6.84%	5
7	LYC	LYNAS RARE EARTHS LIMITED	8.858	8.292	6.83%	6
8	CMM	CAPRICORN METALS LIMITED	10.067	9.467	6.34%	3
9	RPL	REGAL PARTNERS LIMITED	3.700	3.483	6.23%	3
10	LTR	LIONTOWN RESOURCES LIMITED	0.602	0.570	5.61%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	BOE	BOSS ENERGY LIMITED	2.569	3.973	-35.34%	7
2	HLS	HEALIUS LIMITED	1.003	1.137	-11.79%	3
3	FLT	FLIGHT CENTRE TRAVEL GROUP LIMITED	14.728	16.343	-9.88%	6
4	CIA	CHAMPION IRON LIMITED	5.533	6.000	-7.78%	3
5	STX	STRIKE ENERGY LIMITED	0.230	0.247	-6.88%	3
6	HMC	HMC CAPITAL LIMITED	6.072	6.440	-5.71%	5
7	AX1	ACCENT GROUP LIMITED	1.834	1.944	-5.66%	5
8	PNV	POLYNOVO LIMITED	2.047	2.163	-5.36%	3
9	HLO	HELLOWORLD TRAVEL LIMITED	2.040	2.130	-4.23%	3
10	GQG	GQG PARTNERS INC	2.798	2.914	-3.98%	5

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	NEM	NEWMONT CORPORATION REGISTERED	820.009	661.273	24.00%	5
2	BUB	BUBS AUSTRALIA LIMITED	0.700	0.567	23.46%	4
3	LOT	LOTUS RESOURCES LIMITED	-0.650	-0.825	21.21%	4
4	IGO	IGO LIMITED	-24.000	-28.580	16.03%	6
5	PRU	PERSEUS MINING LIMITED	44.482	38.709	14.91%	4
6	RPL	REGAL PARTNERS LIMITED	17.150	15.000	14.33%	3
7	CMM	CAPRICORN METALS LIMITED	40.500	36.350	11.42%	3
8	ILU	ILUKA RESOURCES LIMITED	35.875	32.825	9.29%	5
9	STX	STRIKE ENERGY LIMITED	-0.700	-0.750	6.67%	3
10	TPG	TPG TELECOM LIMITED	20.025	18.975	5.53%	4

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	BOE	BOSS ENERGY LIMITED	-0.943	3.020	-131.23%	7

2	PLS	PILBARA MINERALS LIMITED	-1.740	-0.917	-89.75%	7
3	PDN	PALADIN ENERGY LIMITED	-8.848	-5.239	-68.89%	7
4	SMR	STANMORE RESOURCES LIMITED	0.500	1.600	-68.75%	3
5	CIA	CHAMPION IRON LIMITED	39.677	52.964	-25.09%	3
6	A1M	AIC MINES LIMITED	2.300	2.867	-19.78%	3
7	WHC	WHITEHAVEN COAL LIMITED	26.814	32.857	-18.39%	7
8	PNV	POLYNOVO LIMITED	0.967	1.167	-17.14%	3
9	NIC	NICKEL INDUSTRIES LIMITED	4.733	5.477	-13.58%	6
10	360	LIFE360 INC	64.133	71.233	-9.97%	5

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WEEKLY REPORTS

Uranium Week: Supply Challenges Are Mounting

Growing supply issues combined with a current lack of utility contracting activity pose upside risks to U308 spot prices down the track.

-Kazatomprom & Cameco report quarterly beats
-Boss Energy's setback sparks investor and hedge fund reaction
-July U308 spot price slips, while utilities return to term markets
-June quarter updates a mixed bag for Australian U308 miners

By Danielle Ecuyer

Cameco is surprised by the weak contracting activity in 2025

The world's largest producers of uranium, Kazatomprom and Cameco, released June quarter performance updates last week.

Canaccord Genuity points to a slight beat for Kazatomprom, with production of 17mlbs better than expected by 6%, while group sales met expectations. Average realised price was US$60.36/lb compared to US$58.54/lb in 1H25. Management retained production guidance of 65–69mlbs and cost guidance while lowering the sales volume range to 35–38mlbs to account for a deferred delivery.

Regarding Kazatomprom's new acid plant in the Turkestan region, no insight was provided whether the new facility has its permits and/or that ground has been broken, which means the anticipated 2027–28 ramp-up might be at risk given the 18–24 month construction lead times.

Cameco also reported better than expected revenue and earnings by 9% and 7%, respectively, for 2Q2025, resulting from higher uranium sales, lower costs, and a robust performance from 49% owned Westinghouse Electric (Brookfield Renewable Partners owns the other 51%). Fuel sales were also above estimate by 26%, whereas the average realised price of US$57.35/lb fell short of Canaccord's forecast at US$60/lb.

Cameco management did lift guidance for average realised U308 price to CA$87/lb from CA$84/lb for 2025. At current forex rates that translatres to around US$63.17/lb from US$61.76/lb.

Westinghouse's market update missed the analyst's earnings (EBITDA) forecast but it was still viewed as a good result, around consensus highs.

The outlook remains tied to final investment decisions around nuclear power plants and new AP1000 builds. Current guidance infers compound average growth rate in earnings (EBITDA) of 6%-10% over the next five years, but does not include any post-Feed 1 activity for AP1000 new builds in Poland, Bulgaria, and Ukraine.

(Post-Feed 1 refers to the stage of development following the completion of the first Front-End Engineering and Design Feed 1 phase of a nuclear project.)

For those readers who are interested, Canaccord estimates for each new AP1000 build, it would generate CA$398m in incremental earnings for Westinghouse on a 100% basis. There is potential for upside revisions from new build commitments from the Polish government and in Bulgaria.

Cameco management explained contracting activity year-to-date had been softer than expected but management is encouraged by the recent positive change in the term market. Volumes, however, remain "lacklustre".

Canaccord believes the longer contracting is delayed, the higher the chance of future U308 price spikes, with more utilities expected to enter the market at a time when supply-side risks are more elevated.

The broker cites the latest travails of **Boss Energy** ((BOE)) as a case in point.

Boss share price gets clobbered

Following on from Boss Energy's shock fall from grace, with management bringing into question the ability to achieve nameplate capacity at its Honeymoon operation, the share price has retracted to levels around $1.70, not seen since July 2022.

In addition to last week's Uranium Weekly update (https://fnarena.com/index.php/2025/07/29/uranium-week-boss-energys-honeymoon-shock/), FNArena published a Boss-specific story (https://fnarena.com/index.php/2025/07/30/honeymoon-uncertainty-clouds-boss-outlook/).

In terms of the seven FNArena daily monitored brokers, the consensus target price has fallen from a recent high of $3.973 on July 28, pre the June quarter earnings update, to $2.569, a decline of -35%, against a retracement in the share price of -44%-plus.

Clearly, investors are not taking the news lying down, with many choosing to vote with the 'Sell' button rather than hold the line for the updated reserve life study.

Hedge funds were quick to react to Boss's travails, with short interest rising over 3 percentage points to 17.14% from 13.75%, placing the stock back in second position on the ASX after Paladin Energy ((PDN)), still in the top position at 17.35%, up from 16.42%, on July 29.

July spot market saw a having in transaction volumes

Last week marked month-end with industry consultant TradeTech's spot price coming in at US$71.50/lb for July 31 month-end, which amounted to an average weekly decline of -1.8% over the month.

The weekly spot price has fallen -12.8% in the last 12 months and is down -5.9% year-to-date, yet it remains above the 2025 low of US$63/lb by 13.5%.

Notably, spot deliveries in July came in at 1.3mlbs of U308, some -50% below the 2.7mlbs of U308 that transacted in June.

Sprott Physical Uranium Trust (SPUT) represented almost half of the transaction volume for July, post its US$200m upsized equity raising. The fund acquired 650klbs of U308 and holds 68.4mlbs, with cash on hand remaining at US$60.9m.

July was characterised by smaller transactions in the spot market over the last two weeks for 50klb lots, down from the normal 100klb lots, TradeTech highlights. While activity by utilities in the long-term market picked up.

At month-end, TradeTech's Mid-term U308 price indicator stood at US$77/lb, down -US$6/lb from the previous month based on recent transactions and current bids/offers, with buyers increasingly inclined to secure one-time deliveries in the mid-term delivery window.

TradeTech's Long-term U308 price indicator at month-end was US$82/lb, reflecting recent transactions, outstanding offers, and off-market discussions between parties.

In the long-term market, one utility received offers and is in the evaluation process for up to 400klbs U308 annually between 2029 and 2033, with an optional 300klbs to be delivered between 2034 and 2036.

Another utility continues to consider offers for 500klbs U308 for delivery between 2029 and 2033.

Paladin disappoints again, while other miners await higher U308 prices

Lotus Resources' ((LOT)) June quarter update revealed the start of high-grade ore processing at its restart project, Kayelekera, with first production expected in the September quarter. Leach tanks are operating at full capacity and final commissioning of precipitation, drying, and packaging circuits is in train.

Canaccord forecasts 1H26 production of 121klbs against Lotus' expectation of 600klbs over the five-month ramp-up period. The offtake agreements do not start until 2026. The miner has 3.5–3.8mlbs contracted, with a further 100klbs in the forward market for delivery in 2026. The analyst believes Lotus can achieve one of the highest price realisations across the sector in 2026, with the company avoiding the spot market.

Ord Minnett estimates Lotus would generate a free cash flow yield of 18%-20% from FY28 onwards when Kayelekera achieves nameplate capacity. The stock is rated a Speculative Buy with a 36c target.

Canaccord Genuity also has a Speculative Buy rating with a 31c target.

In further broker updates on Paladin Energy's June quarter update, Ord Minnett believes production was a strong beat against consensus expectations, but a lower than anticipated realised U308 price by -20% missed the mark, which resulted in FY25 revenue forecast to be downgraded. In response to the now expected negative free cash flow generation in FY26, the analyst lowered its target to $7.60 from $9.50 while retaining a Buy rating.

Morgan Stanley believes Paladin's FY26 guidance was a big disappointment, with production expected to be lower than its forecast by -13.4% due to ore feed variability and downtime production allowance. Unit cost guidance for FY26 came in above the analyst's forecast by 14.6%, and 4Q25 realised pricing was a big miss at US$55.6/lb versus US$69/lb expected. Morgan Stanley retains a Hold-equivalent rating with a target of $7.30 (from $7.45).

Canaccord Genuity bucks the trend, viewing FY26 guidance as conservative and cost estimates as higher, resulting in a downgrade to its forecast earnings (EBITDA) to US$105m from US$121m. No change to its Buy rating, while target slips to $12.60 from $12.80.

Shaw and Partners highlighted **Bannerman Energy**'s ((BMN)) early construction at the Etango U308 project is in line with the miner's schedule and budget. Over the June quarter, $85m in equity was raised to be used to fund construction for first U308 production in late 2027, with a final investment decision flagged for 2025-end.

The broker remains bullish on the U308 price and assumes a multiyear price spike to US$150/lb as utilities scramble to cover fuel needs from 2027–2030 amid limited new supply, before retreating to the long-term price forecast of US$80/lb (real) in 2032.

Shaw retains a Buy rating and a $4.70 target price.

Canaccord Genuity retains a Speculative Buy rating and $0.386 target price. The equity raising is seen offering funding and giving the company breathing room to reach a final investment decision by end-2025 on the Etango development, pending a uranium price recovery.

The broker notes the project's economics are highly sensitive to U308 moves, with each US$5/lb rise lifting its valuation by 10%.

Deep Yellow ((DYL)) is taking measured steps towards the development of its two flagship projects, as the company waits for higher U308 prices to support its final investment decision. Canaccord Genuity changes modelling for Mulga Rock, with a reduction in expected operating cost between -8% and -10%. Target price rises to $1.98 from $1.61, with no change in Speculative Buy rating.

This stock is the twelfth most shorted on the ASX at 8.8%, with Lotus in fourteenth position at 7.92% as at July 29.

<u>For more Uranium Weekly updates check out the following:</u>

https://fnarena.com/index.php/2025/07/22/uranium-week-utilities-swing-into-gear/

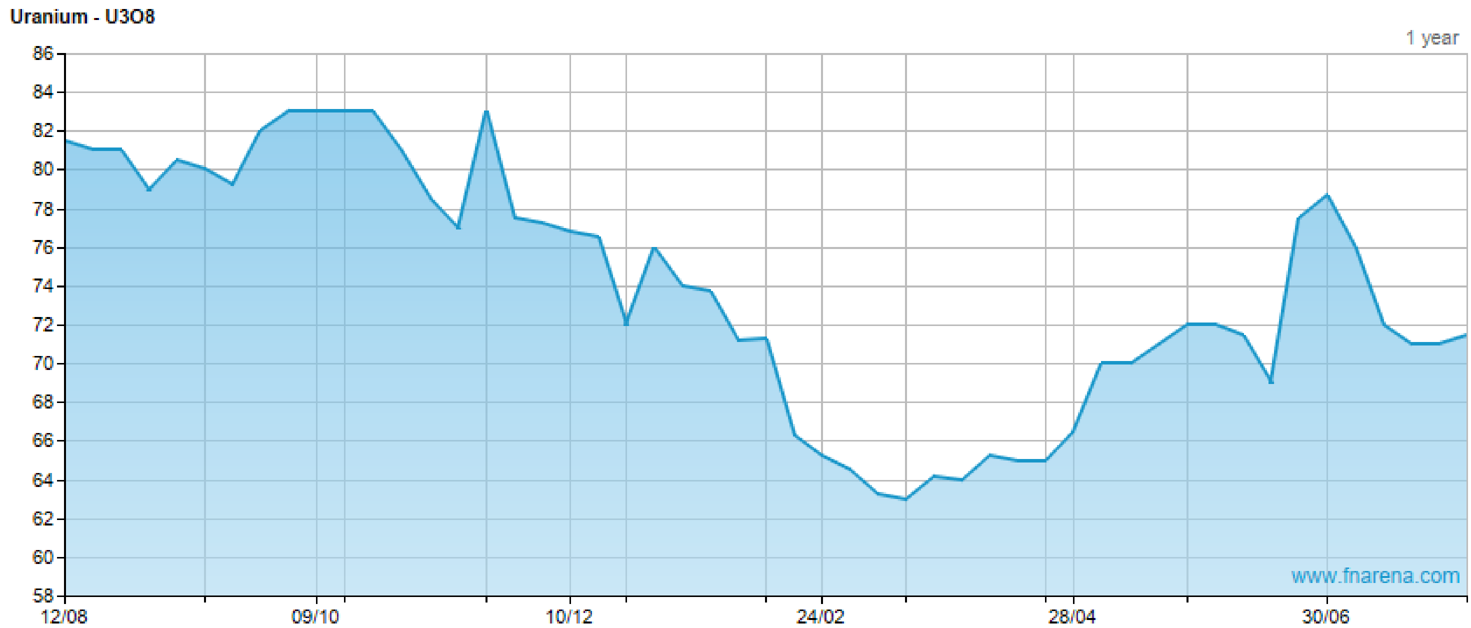
https://fnarena.com/index.php/2025/07/15/uranium-week-sprott-bump-no-more/

https://fnarena.com/index.php/2025/07/08/uranium-week-u3o8-spot-price-poised-to-fall/

<u>Uranium companies listed on the ASX:</u>

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	01/08/2025	0.0700	▲60.00%	$0.09	$0.03			
AEE	01/08/2025	0.1600	▲ 6.25%	$0.19	$0.10			
AGE	01/08/2025	0.0200	0.00%	$0.05	$0.02		$0.070	▲250.0%
AKN	01/08/2025	0.0100	0.00%	$0.01	$0.01			
ASN	01/08/2025	0.1200	▲ 9.09%	$0.13	$0.04			
BKY	01/08/2025	0.5600	0.00%	$0.67	$0.30			
BMN	01/08/2025	2.4900	▼- 9.06%	$3.68	$1.76		$4.700	▲88.8%
BOE	01/08/2025	1.7000	▼-10.47%	$4.75	$1.68	-181.4	$2.569	▲51.1%
BSN	01/08/2025	0.0190	0.00%	$0.05	$0.01			
C29	01/08/2025	0.0200	0.00%	$0.13	$0.01			
CXO	01/08/2025	0.1000	▼- 9.09%	$0.14	$0.06		$0.110	▲10.0%
CXU	01/08/2025	0.0100	0.00%	$0.03	$0.01			
DEV	01/08/2025	0.0800	0.00%	$0.23	$0.07			
DYL	01/08/2025	1.5300	▼- 8.48%	$1.87	$0.75	-302.0	$1.940	▲26.8%
EL8	01/08/2025	0.2500	0.00%	$0.42	$0.19			

ERA	01/08/2025	0.0020	0.00%	$0.02	$0.00			
GLA	01/08/2025	0.0100	0.00%	$0.02	$0.01			
GTR	01/08/2025	0.0040	0.00%	$0.01	$0.00			
GUE	01/08/2025	0.0600	▼-14.29%	$0.10	$0.05			
HAR	01/08/2025	0.0800	▼-22.22%	$0.09	$0.03			
I88	01/08/2025	0.1700	▲41.67%	$0.72	$0.08			
KOB	01/08/2025	0.0300	▼-25.00%	$0.18	$0.03			
LAM	01/08/2025	0.7150	0.00%	$0.90	$0.48			
LOT	01/08/2025	0.1600	▼-16.67%	$0.32	$0.13		$0.328	▲104.7%
MEU	01/08/2025	0.0400	0.00%	$0.06	$0.03			
NXG	01/08/2025	10.2100	▼- 5.52%	$13.53	$6.44		$12.925	▲26.6%
ORP	01/08/2025	0.0400	0.00%	$0.07	$0.02			
PDN	01/08/2025	6.2800	▼- 9.70%	$13.27	$3.93	-70.6	$8.693	▲38.4%
SLX	01/08/2025	4.3300	▼-12.03%	$6.62	$2.28		$6.500	▲50.1%
TOE	01/08/2025	0.1900	▼- 4.76%	$0.36	$0.15			
WCN	01/08/2025	0.0300	▲50.00%	$0.04	$0.01			



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FNArena is proud about its track record and past achievements: [Ten Years On]

WEEKLY REPORTS

The Short Report - 07 Aug 2025

FNArena's weekly update on short positions in the Australian share market.

See **Guide** further below (for readers with full access).

Summary:

Week Ending July 31st, 2025 (most recent data available through ASIC).

10%+

BOE	18.30%
PDN	17.32%
PLS	16.33%
LTR	13.13%
MIN	12.56%
IEL	12.22%
LIC	11.85%
SLX	11.49%
PNV	11.23%
CTD	10.08%

8.0-8.9%

CTT	8.52%
DYL	8.31%
PWH	8.12%
LOT	8.00%

In: CTT, LOT

7.0-7.9%

NAN	7.45%
CU6	7.33%
BGL	7.31%
KAR	7.14%

In: CU6, BGL, KAR
Out: LOT, IGO

6.0-6.9%

NXT	6.85%
IGO	6.75%
GYG	6.55%
ILU	6.24%
VEA	6.10%

In: IGO
Out: KAR, BGL, RMS, IPX, RIO

5.0-5.9%

DMP	5.91%
BRG	5.84%
MSB	5.77%
RIO	5.65%
FLT	5.60%
LYC	5.58%
TLX	5.55%
CUV	5.39%
NCK	5.28%
GMD	5.27%
PEN	5.19%
IPX	5.16%
CIA	5.15%
APX	5.13%

In: RIO, CUV, IPX, CIA, APX
Out: CTT, STX, WHC

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.4	0.4	NAB	0.7	0.6
ANZ	0.5	0.5	QBE	0.3	0.3
BHP	0.9	0.8	RIO	5.7	6.1
BXB	0.7	0.7	STO	0.3	0.3
CBA	0.7	0.7	TCL	0.3	0.4
COL	0.3	0.3	TLS	0.3	0.3
CSL	0.6	0.7	WBC	0.5	0.6
FMG	1.8	1.6	WDS	3.4	3.4
GMG	0.7	0.8	WES	0.4	0.4
MQG	0.6	0.6	WOW	0.9	0.8

To see the full Short Report, please go to this link

Guide:

The Short Report draws upon data provided by the Australian Securities & Investment Commission (ASIC) to highlight significant weekly moves in short positions registered on stocks listed on the Australian Securities Exchange (ASX). Short positions in exchange-traded funds (ETF) and non-ordinary shares are not included. Short positions below 5% are not included in the table below but may be noted in the accompanying text if deemed significant.

Please take note of the Important Information provided at the end of this report. Percentage amounts in this report refer to percentage of ordinary shares on issue.

Stock codes highlighted in green have seen their short positions reduce in the week by an amount sufficient to move them into a lower percentage bracket. Stocks highlighted in red have seen their short positions increase in the week by an amount sufficient to move them into a higher percentage bracket. Moves in excess of one percentage point or more are discussed in the Movers & Shakers report below.

IMPORTANT INFORMATION ABOUT THIS REPORT

The above information is sourced from daily reports published by the Australian Investment & Securities Commission (ASIC) and is provided by FNArena unqualified as a service to subscribers. FNArena would like to make it very clear that immediate assumptions cannot be drawn from the numbers alone.

It is wrong to assume that short percentages published by ASIC simply imply negative market positions held by fund managers or others looking to profit from a fall in respective share prices. While all or part of certain short percentages may indeed imply such, there are also a myriad of other reasons why a short position might be held which does not render that position "naked" given offsetting positions held elsewhere. Whatever balance of percentages truly is a "short" position would suggest there are negative views on a stock held by some in the market and also would suggest that were the news flow on that stock to turn suddenly positive, "short covering" may spark a short, sharp rally in that share price. However short positions held as an offset against another position may prove merely benign.

Often large short positions can be attributable to a listed hybrid security on the same stock where traders look to "strip out" the option value of the hybrid with offsetting listed option and stock positions. Short positions may form part of a short stock portfolio offsetting a long share price index (SPI) futures portfolio – a popular trade which seeks to exploit windows of opportunity when the SPI price trades at an overextended discount to fair value. Short positions may be held as a hedge by a broking house providing dividend reinvestment plan (DRP) underwriting services or other similar services. Short positions will occasionally need to be adopted by market makers in listed equity exchange traded fund products (EFT). All of the above are just some of the reasons why a short position may be held in a stock but can be considered benign in share price direction terms due to offsets.

Market makers in stock and stock index options will also hedge their portfolios using short positions where necessary. These delta hedges often form the other side of a client's long stock-long put option protection trade, or perhaps long stock-short call option ("buy-write") position. In a clear example of how published short percentages can be misleading, an options market maker may hold a short position below the implied delta hedge level and that actually implies a "long" position in that stock.

Another popular trading strategy is that of "pairs trading" in which one stock is held short against a long position in another stock. Such positions look to exploit perceived imbalances in the valuations of two stocks and imply a "net neutral" market position.

Aside from all the above reasons as to why it would be a potential misconception to draw simply conclusions on short percentages, there are even wider issues to consider. ASIC itself will admit that short position data is not an exact science given the onus on market participants to declare to their broker when positions truly are "short". Without any suggestion of deceit, there are always participants who are ignorant of the regulations. Discrepancies can also arise when short positions are held by a large investment banking operation offering multiple stock market services as well as proprietary trading activities. Such activity can introduce the possibility of either non-counting or double-counting when custodians are involved and beneficial ownership issues become unclear.

Finally, a simple fact is that the Australian Securities Exchange also keeps its own register of short positions. The figures provided by ASIC and by the ASX at any point do not necessarily correlate.

FNArena has offered this qualified explanation of the vagaries of short stock positions as a warning to subscribers not to jump to any conclusions or to make investment decisions based solely on these unqualified numbers. FNArena strongly suggests investors seek advice from their stock broker or financial adviser before acting upon any of the information provided herein.

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

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WEEKLY REPORTS

In Brief: Telix, Service Stream, Reckon & More

This week's In Brief has a selection of growing winners with upside potential and strugglers dealing with adverse headwinds.

-Telix fallout continues with SEC probe, downgrade & pricing pressures
-Service Stream locks In $2.7bn pipeline with NBN contracts
-Reckon's cloud pivot gains ground despite customer attrition
-Small-cap standout Generation Development sets sales record

By Danielle Ecuyer

This week's quote comes from Terence Hove, Financial Markets Strategist Consultant to Exness

"Markets point to a near certainty for an interest rate cut in the Fed's September meeting and anticipate three rate cuts by the end of the year in total.

"If the cuts materialize, the dollar and treasury yields could come under increasing pressure."

Adverse news keeps coming for Telix

Telix Pharmaceuticals ((TLX)) has gone from star bio-tech stock in late February with its share price trading above $31 to shareholders licking their wounds at current prices around $18.

Like other healthcare-related stocks, the prospect of pharmaceutical tariffs from the Trump Administration is at the very least sending negative sentiment headwinds onto the share price. But there's more.

A surprise US SEC subpoena around disclosure on Telix's prostate therapies was a take-no-prisoners moment, with the stock falling -18% on the day the news broke.

The latest market update providing a shift to USD reporting currency this week resulted in a restatement of 2023 and 2024 historical metrics, included another "surprise" earnings downgrade that caught both Jarden and the market off guard.

Telix quantified 1H25 opex costs at 36% of revenue of US$140.1m, which was some US$40m more than consensus. While Jarden considers the share price reaction as overcooked, down another -8.45%, the market's reaction within the context of so much uncertainty around competitive pressures and pass-through of payment pricing, on top of the SEC probe, is deemed understandable.

The analyst attributes the opex miss to a combination of a lack of sufficient disclosure and recent acquisitions, building up Telix's supply chain and distribution platform for some of its therapies and new diagnostic tests. A US$650m convertible bond issue helped recapitalise the balance sheet.

While the acquisitions have medium-term strategic upside, Jarden points out they are unlikely to be sufficiently earnings accretive until Telix has more products to leverage through the platforms and infrastructure.

Management's trading update guided to FY25 R&D expense coming in 20–25% above the prior period. Consensus' 1H25 gross margin assumption of 59%-60% is considered reasonable. Adjusting for the updates, earnings before interest and tax estimates have been downgraded by -66.1% for 2025 and -62.8% for 2026.

The revised underwhelming earnings outlook is believed to be discounted in the share price already, with Jarden's target lowered -5.3% to $27.61 and its Buy rating retained. The company is seen offering a "rich pipeline" of R&D which has the capacity to underpin operating leverage on a higher cost base once its products are approved.

There is another problem though, as quickly highlighted by a flash update from Bell Potter. Competitor Lantheus announced 2Q2025 results which showed Pylarify revenues down -2.3% on 1Q and down -8% on the prior period. Pylarify pass-through reimbursement finished on 31 December 2024, resulting in a -40% price cut for Medicare fee-for-service patients.

The Bell Potter analyst explains a competitor in the PSMA imaging market, believed to be Blue Earth's Posluma, has been engaging in competitive price cutting. Lantheus anticipates the price for Pylarify will decline in the following two quarters.

Strategically, Lantheus stated they didn't chase volume based on price, and a new drug has been submitted for application—a second generation of Pylarify with a higher yield. This is a similar strategy being undertaken by Telix with its Gozellix product.

Bell Potter believes the market will establish long-term price equilibrium again, but neither Illuccix, Pylarify, nor Posluma can be price makers in PSMA imaging.

An expected "sugar hit" for the refresh pass-through pricing for Gozellix is due in late September. Beyond that, the analyst expects the PSMA markets to be subject to price deflation. The big unknown is whether the Centers for Medicare & Medicaid Services (CMS) stop companies from pursuing strategies for refreshes on pass-through where there is perceived little or no benefit for patients.

The downgrade in first-half earnings (as discussed above) is reflected in Bell Potter's earnings forecasts. The broker sticks with its Buy rating and has lowered its price target to $33 from $34.

And yet, this still is not where this week's news flow stops.

The updates above occurred prior to the following announcement from New York lawyers Bronstein, Gewirtz & Grossman, LLC saying they are investigating potential claims on behalf of purchasers of Telix Pharmaceuticals (NASDAQ:TLX). Investors who purchased the securities are encouraged to obtain additional information and assist the investigation.

At face value, it appears like the law firm might be seeking out a class action claim against Telix, which cannot possibly be interpreted as good news.

Onwards and upwards for contractor Service Stream

With three NBN contracts secured since February 2025 totaling around $2.7bn of contracted work, Canaccord Genuity believes there is now a sufficient pipeline of works to underpin its earnings forecasts for the Telecommunications operations.

In February, **Service Stream** ((SSM)) was awarded a new five-year agreement at circa $1.9bn referred to as the new 'Field Module Contract', replaceing two current agreements, Unify Networks and Unify Services, the company has had since 2021.

An upgrade by NBN to the remaining Fibre to the Node network worth around $440m initially for over three and a half years with a two-year-plus option was awarded in June.

In July, another amendment to the existing NBN fibre upgrade was announced, bringing forth circa $360m in revenue over three and a half years in the ACT.

Canaccord expects earnings growth to be boosted by revenue and margin expansion within the Utilities division. The company is also awaiting the outcome for a Defense tender in relation to Property & Asset Services work, as management strategically moves to establish a new work pillar that complements the existing Telecommunications, Utilities, and Transport Infrastructure.

Target price is raised to $2.25 from $1.95 with an unchanged Buy rating. Service Stream is due to report FY25 earnings on August 20.

The proof is in the transitioning pudding for Reckon

First half 2025 saw accounting software revenue growth of 3%, of which Reckon One achieved growth of 26% to $4.4m, underpinned by pricing and an uptick in demand for Reckon's cloud-based payroll solution.

Intentional strategic price rises and intense competition resulted in Reckon One losing the lower average revenue per user customers from both introductory and entry-level plans. Small business cloud user numbers fell to 107k from 111k at the end of 2024.

Moelis reminds investors **Reckon** ((RKN)) continues its journey of "transformation", with Reckon One being the single platform onto which Reckon Accounts will migrate.

The recent acquisition of Cashflow Manager is viewed as supporting and improving the functionality of the new platform.

Regarding Legal Group, billing workflow solutions doubled, boosted by the recently launched nQZebraworks cloud-based billing workflow solution.

Management remains committed to strategically cross-selling new products, with the aim of securing more revenue per legal practice and growing the addressable market via customer acquisition of smaller, mid-sized law firms.

Legal Group has achieved growth in new billing customers off a low base, but as explained by the analyst at Moelis, to achieve earnings forecasts Reckon needs to successfully transition customers to Reckon One, which will require time.

Moelis upgrades EPS estimates by 4.1% for 2025 and 4.7% for 2026 with Buy rating retained and 58c target price.

Meanwhile, Morgan Stanley, the only among FNArena's daily monitored brokers who kept on researching Reckon, has called it a day this week.

Abandoning ship with a final rating of Equal-weight (equivalent to Neutral/Hold) and a price target of 58c (around the current share price), Morgan Stanley acknowledges management at Reckon has achieved a lot of progress, but competitive pressures (and risks) remain as the likes of Xero ((XRO)), Intuit and MYOB are keeping pressure on Reckon's business division.

The departing words of Morgan Stanley: "A structural shift to SaaS products presents both an opportunity and a sizable challenge".

Scope for upside in earnings for Generation Development

The 4Q25 update for **Generation Development** ((GDG)) showed the ongoing attraction of investment bonds, with sales of $317m for the period amounting to FY25 sales of $1,015m; both a new quarterly and annual record for the company.

Investment bonds' funds under management rose 33.5% on FY24 to $4.4bn.

In contrast, wealth funds under management for Evidentia and Lonsec at $29.5bn missed Petra Capital's expectations at $33.2bn. Seven new clients were added to Evidentia, with a retention rate of 100% since Generation Development acquired the company. The pipeline remains robust, Petra notes.

Products researched rose 6% for Lonsec Research and Ratings, with 64% conducted “on demand”. Alternative asset classes were a highlight.

Key dates included the expected Division 296 Bill on superannuation, with tax assessments expected for July 1, 2026. The company will provide a funds under management update for 1Q26 in October.

Petra has a Hold rating and $6.25 target price.

Daily monitored broker Morgan Stanley has committed Generation Development as one of its key stock ideas in the small/mid-cap space ahead of August earnings reports, with implied upside from BlackRock’s JV agreement regarding annuities and positive momentum from the market’s turnaround since April.

FNArena’s consensus target price (from daily monitored brokers) is $6.35, with two Buy-equivalent ratings.

Note: The author owns Generation Development shares.

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FNArena is proud about its track record and past achievements: Ten Years On

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 08-08-25

A summary of the highlights from Broker Call Extra updates throughout the week past

Broker Rating Changes (Post Thursday Last Week)

Upgrade

GREATLAND RESOURCES LIMITED ((GGP)) Upgrade to Buy from Hold by Moelis.B/H/S: 0/0/0

Greatland Resources' June quarter production report broadly met Moelis' forecast as previously noted but FY26 guidance was softer.

The broker cut its production forecast for FY26 to 288.6koz from 312.6koz vs guidance of 260-310koz, and raised cost forecast to $2,550/oz from $2,517/oz before.

Target cut to $7.10 from $7.50. Rating upgraded to Buy from Hold, with the broker believing the share price fall on FY26 outlook is overdone.

PEXA GROUP LIMITED ((PXA)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden raises its target for Pexa Group to $17.75 from $16.20 and upgrades to Overweight from Neutral.

The broker views NatWest's onboarding as a critical milestone, confirming PEXA's UK platform viability and likely triggering broader adoption among banks and conveyancers.

Jarden estimates the UK market is approximately 2.4 times the size of Australia's and sees PEXA well placed to secure material share.

While there is some renewed risk around Australian interoperability regulation, the analyst believes the UK upside more than compensates.

Downgrade

TPG TELECOM LIMITED ((TPG)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

Management at TPG Telecom announced $1.61 per share capital return from the $4.7bn EG&W asset sale, exceeding Jarden's expectations and supporting balance sheet repair and free float expansion.

The broker expects minority shareholders will participate in a $688m reinvestment plan.

Jarden assumes full uptake, implying 186m new shares issued, though delays in reinvestment details and a softer operational update have prompted a downgrade to Neutral from Overweight.

Postpaid subscriber net adds in 1H25 were weak, according to the analysts, (up 15k versus consensus 70k). Average revenue per user (ARPU) growth is expected to be 2H-weighted as back book repricing flows through.

The broker's target price is reduced to $5.30 from $5.50.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	GREATLAND RESOURCES LIMITED	Buy	Neutral	Moelis

2	[PEXA GROUP LIMITED]	Buy	Neutral	Jarden
Downgrade				
3	[TPG TELECOM LIMITED]	Neutral	Buy	Jarden

Price Target Changes (Post Thursday Last Week)

Company		Last Price	Broker	New Target	Old Target	Change
APX	Appen	$0.90	Canaccord Genuity	1.60	2.35	-31.91%
ASB	Austal	$7.01	Petra Capital	6.67	6.19	7.75%
AUC	Ausgold	$0.61	Canaccord Genuity	1.80	1.60	12.50%
AYA	Artrya	$1.13	Petra Capital	2.87	2.81	2.14%
BGL	Bellevue Gold	$0.90	Canaccord Genuity	1.65	1.50	10.00%
			Jarden	0.86	0.94	-8.51%
BMN	Bannerman Energy	$2.59	Canaccord Genuity	3.86	3.74	3.21%
BPT	Beach Energy	$1.23	Canaccord Genuity	1.26	1.30	-3.08%
			Jarden	1.07	1.22	-12.30%
			Wilsons	1.65	1.86	-11.29%
BTR	Brightstar Resources	$0.44	Canaccord Genuity	1.75	1.40	25.00%
CCP	Credit Corp	$17.40	Canaccord Genuity	21.60	20.60	4.85%
CMM	Capricorn Metals	$9.87	Canaccord Genuity	12.20	10.60	15.09%
EMR	Emerald Resources	$3.58	Canaccord Genuity	5.50	5.10	7.84%
EOS	Electro Optic Systems	$4.89	Canaccord Genuity	3.30	1.90	73.68%
			Canaccord Genuity	4.30	1.90	126.32%
EXP	Experience Co	$0.12	Canaccord Genuity	0.21	0.23	-8.70%
FLT	Flight Centre Travel	$12.75	Canaccord Genuity	12.25	13.25	-7.55%
			Wilsons	17.15	19.00	-9.74%
GDF	Garda Property	$1.25	Moelis	1.62	1.60	1.25%
IGO	IGO Ltd	$4.79	Canaccord Genuity	4.60	4.80	-4.17%
KCN	Kingsgate Consolidated	$2.75	Canaccord Genuity	4.50	4.00	12.50%
LNW	Light & Wonder	$122.43	Jarden	188.00	189.00	-0.53%
LTR	Liontown Resources	$0.85	Canaccord Genuity	0.80	0.95	-15.79%
MIN	Mineral Resources	$33.37	Jarden	14.60	16.20	-9.88%
MTS	Metcash	$3.99	Jarden	4.10	4.00	2.50%
NUZ	Neurizon Therapeutics	$0.17	Petra Capital	0.50	0.45	11.11%
PLS	Pilbara Minerals	$1.79	Jarden	2.20	2.40	-8.33%
PNI	Pinnacle Investment Management	$24.64	Jarden	25.40	22.60	12.39%
PXA	Pexa Group	$15.64	Jarden	17.75	16.20	9.57%
RMD	ResMed	$43.10	Jarden	44.62	40.55	10.04%
			Wilsons	43.50	42.82	1.59%
RMS	Ramelius Resources	$2.85	Canaccord Genuity	3.95	3.55	11.27%
RSG	Resolute Mining	$0.67	Canaccord Genuity	1.80	1.40	28.57%
SFR	Sandfire Resources	$11.45	Jarden	11.20	10.90	2.75%
SMI	Santana Minerals	$0.63	Canaccord Genuity	1.60	1.40	14.29%
SSM	Service Stream	$2.06	Canaccord Genuity	2.25	1.95	15.38%
STX	Strike Energy	$0.12	Wilsons	0.22	0.29	-24.14%
TCG	Turaco Gold	$0.49	Canaccord Genuity	1.10	1.00	10.00%
TPG	TPG Telecom	$5.24	Jarden	5.30	5.50	-3.64%
WAF	West African Resources	$2.68	Canaccord Genuity	4.70	4.30	9.30%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

APX APPEN LIMITED

IT & Support – Overnight Price: $0.92

Canaccord Genuity rates ((APX)) as Buy (1) –

The highlight of Appen's 2Q25 update is identified as the growing China business, with revenue up 77% y/y but offsetting this was the non-China revenue, which Canaccord Genuity estimates was down -32% y/y on a weak US market.

Margin in 2Q was down, revenue for 2Q and 1H fell short of the broker's and the consensus forecasts. On the positive side, 1H EBITDA marginally beat the broker's forecast, indicating costs are under control.

The company guided to broadly unchanged 2H revenue outlook, leading the broker to downgrade FY25 EBITDA estimate only modestly.

Buy. Target cut to $1.60 from $2.35 as the broker put a discount on the multiple used in valuation modeling.

This report was published on July 30, 2025.

Target price is **$1.60** Current Price is **$0.92** Difference: **$0.68**
If **APX** meets the Canaccord Genuity target it will return approximately **74%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY25:

> Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 3.09** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 29.74**.

Forecast for FY26:

> Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 0.16** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 593.55**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

CSC CAPSTONE COPPER CORP.

Copper – Overnight Price: $9.37

Moelis rates ((CSC)) as Buy (1) –

Moelis assesses Capstone Copper's 2Q25 report as a strong one as it showed sequential improvement and also beat its forecasts.

Production was largely in line with forecast, but cost was lower, and revenue and EBITDA were higher. The company reiterated FY25 production guidance of 220-255kt copper at cost of US$2.20-2.50/lb.

Buy. Target unchanged at $12.50.

This report was published on August 1, 2025.

Target price is **$12.50** Current Price is **$9.37** Difference: **$3.13**
If **CSC** meets the Moelis target it will return approximately **33%** (excluding dividends, fees and charges).
Current consensus price target is **$12.03**, suggesting upside of **33.0%**(ex-dividends)
The company's fiscal year ends in December.

Forecast for FY25:

> Moelis forecasts a full year **FY25** dividend of **0.00** cents and EPS of **24.28** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **38.59**.
>
> How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **23.4**, implying annual growth of **39.8%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **38.6**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **45.60** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **20.55**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **64.8**, implying annual growth of **176.9%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **14.0**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

CCP CREDIT CORP GROUP LIMITED

Business & Consumer Credit – Overnight Price: $17.40

Canaccord Genuity rates ((CCP)) as Buy (1) –

Canaccord Genuity notes Credit Corp's FY25 result eased investor concerns around US operational performance and near-term earnings growth.

The bigger positive was a clearer path forward, with higher secured pipeline for the US purchased debt ledger segment, improved productivity and scope to grow new/emerging lending products.

Minor changes to forecasts but target price rises to $21.60 from $20.60 on a rollover of valuation methodology.

Buy maintained.

This report was published on August 5, 2025.

Target price is **$21.60** Current Price is **$17.40** Difference: **$4.2**
If **CCP** meets the Canaccord Genuity target it will return approximately **24%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **77.00** cents and EPS of **154.00** cents.
At the last closing share price the estimated dividend yield is **4.43%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **11.30**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **85.00** cents and EPS of **170.00** cents.
At the last closing share price the estimated dividend yield is **4.89%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **10.24**.

Market Sentiment: **0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

EGL ENVIRONMENTAL GROUP LIMITED

Industrial Sector Contractors & Engineers – Overnight Price: $0.28

Wilsons rates ((EGL)) as Initiation of coverage with Overweight (1) –

Wilsons initiates coverage of Environmental Group with an Overweight rating and 41 cents target price.

The company's aim is to help engineer a sustainable future with five divisions: gas turbine enhancement, boilers, gas and dust control, recycling plants, and PFAS removal.

The analyst highlights an improvement in earnings quality since CEO Jason Dixon and CCO Paul Gaskett joined in 2021. Wilsons forecasts earnings (EBITDA) growth of 30% for FY26 and 10% for FY27, with multiple growth drivers to achieve the outcome.

Between FY21 and FY24, the company's EPS grew by 107% and the earnings before interest and tax margin rose to 7.7% from 4%, with a diversified revenue base across engineering and fabrication (50%) and services and parts (50%).

Commentary highlights service revenues boost recurring income.

This report was published on August 1, 2025.

Target price is **$0.41** Current Price is **$0.28** Difference: **$0.13**
If **EGL** meets the Wilsons target it will return approximately **46%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **1.40** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **20.00**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **0.00** cents and EPS of **1.90** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.74**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

MTS METCASH LIMITED

Food, Beverages & Tobacco – Overnight Price: $3.89

Jarden rates ((MTS)) as Overweight (2) –

In a review of private label products vs brands for supermarkets, Jarden notes penetration in Australia lags the global trend, highlighting an opportunity to grow own brands.

There is also a substantial gap in profitability vs offshore, with margins lower on average. The broker reckons retailers should focus on higher margin products like health, home, fresh and bakery to boost margins.

Woolworths Group ((WOW) remains the broker's preference, followed by Metcash.

Overweight. Target price $4.10.

This report was published on July 30, 2025.

Target price is **$4.10** Current Price is **$3.89** Difference: **$0.21**
If **MTS** meets the Jarden target it will return approximately **5%** (excluding dividends, fees and charges).
Current consensus price target is **$4.10**, suggesting upside of **4.6%**(ex-dividends)
The company's fiscal year ends in April.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **23.00** cents and EPS of **26.60** cents.
At the last closing share price the estimated dividend yield is **5.91%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.62**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **26.4**, implying annual growth of **2.1%**.
Current consensus DPS estimate is **18.8**, implying a prospective dividend yield of **4.8%**.
Current consensus EPS estimate suggests the PER is **14.8**.

Forecast for FY27:

Current consensus EPS estimate is **28.3**, implying annual growth of **7.2%**.
Current consensus DPS estimate is **20.0**, implying a prospective dividend yield of **5.1%**.
Current consensus EPS estimate suggests the PER is **13.9**.

Market Sentiment: **0.4**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

NEU NEUREN PHARMACEUTICALS LIMITED

Pharmaceuticals & Biotech/Lifesciences – Overnight Price: $17.01

Petra Capital rates ((NEU)) as Buy (1) –

Petra Capital flags key events which will potentially impact on healthcare stocks, noting Neuren Pharmaceuticals' first patient in the Phase 3 Phelan-McDermid syndrome (PMS) trial with NN-2591 is expected "imminently".

This would be the first Phase 3 start and could commence the timeline to potential results from the trial in 1H2027.

The broker retains a Buy rating and a $31.45 target price.

This report was published on August 6, 2025.

Target price is **$31.45** Current Price is **$17.01** Difference: **$14.44**
If **NEU** meets the Petra Capital target it will return approximately **85%** (excluding dividends, fees and charges).
Current consensus price target is **$23.13**, suggesting upside of **36.0%**(ex-dividends)
The company's fiscal year ends in December.

Forecast for FY25:

Petra Capital forecasts a full year **FY25** dividend of **0.00** cents and EPS of **11.90** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **142.94**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **5.4**, implying annual growth of **-95.1%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **315.0**.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **0.00** cents and EPS of **8.10** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **210.00**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **31.6**, implying annual growth of **485.2%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **53.8**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

SMI SANTANA MINERALS LIMITED

Gold & Silver – Overnight Price: $0.63

Canaccord Genuity rates ((SMI)) as Buy (1) –

Canaccord Genuity notes Santana Minerals outlined the development pathway for its Bendigo-Ophir gold project in New Zealand at the recent Diggers and Dealers Mining forum.

The company highlighted the project delivers revenue of $6.2bn at $4,950/oz gold price, EBITDA of $4.0bn, post-tax free cash flow of $2.5bn, with payback in less than 1.7 years.

Buy. Target price $1.60.

This report was published on August 4, 2025.

Target price is **$1.60** Current Price is **$0.63** Difference: **$0.97**
If **SMI** meets the Canaccord Genuity target it will return approximately **154%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 3.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 21.00**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 3.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 21.00**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

STX STRIKE ENERGY LIMITED

NatGas – Overnight Price: $0.11

Wilsons rates ((STX)) as Overweight (1) –

Wilsons assesses Strike Energy's 4Q25 production and revenue to be broadly in line with its forecasts, but nevertheless falling short by -5% and -4%, respectively. Compared with consensus, production missed by -2% and revenue by -1%.

The company is raising around $88m via equity placement with Carnarvon Energy ((CVN)), with first tranche of $52m completed and the balance $34-36m subject to shareholder approval. Share purchase plan of upto $15m, including oversubscription, is also planned.

The company expects the funding will allow for progress in its priority projects, includin the South Erregulla Peaking gas power station and the West Erregulla upstream development.

Overweight. Target cut to 22c from 29c.

This report was published on July 31, 2025.

Target price is **$0.22** Current Price is **$0.11** Difference: **$0.11**
If **STX** meets the Wilsons target it will return approximately **100%** (excluding dividends, fees and charges).
Current consensus price target is **$0.23**, suggesting upside of **109.1%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 0.60** cents.

At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 18.33**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **-0.7**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **N/A**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **0.00** cents and EPS of **0.00** cents.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **-0.5**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **N/A**.

Market Sentiment: **0.3**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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