WEEK 48

FNArena
FINANCIAL NEWS, ANALYSIS & DATA

STORIES TO READ FROM FNArena

Friday, 28 November 2025

| Material Matters: Lithium, Rare Earths & Gold

| Rudi's View: Un-Bubbling The AI Bubble Talk

| LGI: ASX's Most Compelling Decarbonisation Play

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FNArena
Financial News, Data & Analysis

GPO Box 3145 - Sydney NSW 2001
info@fnarena.com

Your editor:
Rudi Filapek-Vandyck

Your dedicated team of journos:
Danielle Ecuyer, Greg Peel & Mark Woodruff

AUSTRALIA

The Market In Numbers - 22 Nov 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	22 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	13419.400	-0.33%	-0.95%	0.96%	2.35%	6.48%
All Ordinaries	8686.30	-2.48%	-5.36%	-4.92%	3.16%	-0.99%
S&P ASX 200	8416.50	-2.52%	-5.24%	-4.89%	3.15%	-1.47%
S&P ASX 300	8365.80	-2.54%	-5.34%	-4.96%	3.30%	-1.28%
Communication Services	1776.00	-1.48%	-3.45%	-4.59%	9.13%	-4.16%
Consumer Discretionary	3999.50	-1.22%	-4.95%	-11.48%	2.26%	-3.46%
Consumer Staples	11731.80	0.03%	-0.26%	-0.10%	-0.32%	-3.19%
Energy	8598.20	-3.30%	-0.47%	3.19%	-0.29%	-0.89%
Financials	8982.50	-2.85%	-7.53%	-6.18%	4.27%	-5.74%
Health Care	34811.10	-0.79%	-2.24%	-6.96%	-22.45%	-16.33%
Industrials	8244.60	-1.81%	-3.93%	-2.67%	7.82%	-0.89%
Info Technology	2236.70	-4.07%	-16.62%	-23.60%	-18.40%	-22.89%
Materials	18973.50	-4.01%	-3.34%	0.84%	17.67%	19.64%
Real Estate	3848.90	-0.79%	-5.60%	-5.09%	2.33%	-1.27%
Utilities	9675.50	-3.76%	-3.86%	-3.34%	7.12%	5.84%
A-REITs	1770.10	-0.69%	-5.55%	-5.00%	3.01%	-1.16%
All Technology Index	3496.60	-2.67%	-11.99%	-17.27%	-8.11%	-13.54%
Banks	3879.00	-2.99%	-7.80%	-5.68%	7.56%	-3.57%
Gold Index	16225.10	-5.22%	1.27%	0.90%	92.61%	40.39%
Metals & Mining	6472.40	-4.43%	-3.45%	0.29%	23.15%	23.97%

The World

Index	22 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	9539.71	-1.64%	-1.83%	2.02%	16.72%	8.89%
DAX30	23091.87	-3.29%	-3.62%	-3.30%	15.99%	-3.42%
Hang Seng	25220.02	-5.09%	-2.65%	-6.09%	25.72%	4.77%
Nikkei 225	48625.88	-3.48%	-7.22%	8.22%	21.89%	20.10%
DJIA	46245.41	-1.91%	-2.77%	-0.33%	8.70%	4.88%
S&P500	6602.99	-1.95%	-3.47%	-1.28%	12.26%	6.41%
Nasdaq Comp	22273.08	-2.74%	-6.12%	-1.71%	15.34%	9.34%

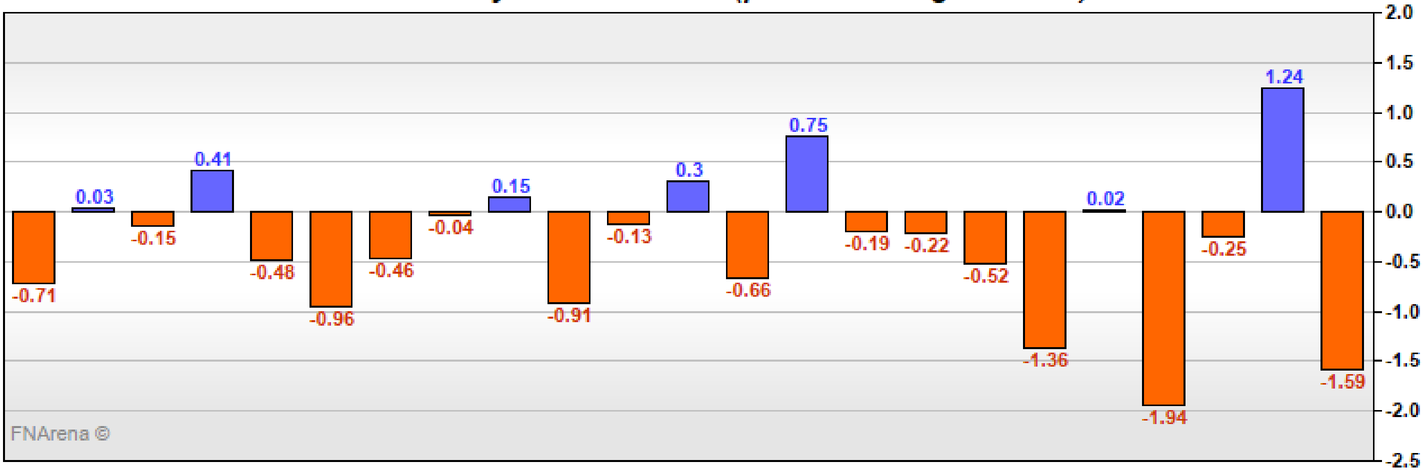
Metals & Minerals

Index	22 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
Gold (oz)	4075.04	-2.52%	3.38%	5.54%	55.14%	23.40%
Silver (oz)	50.36	-3.88%	6.52%	7.02%	66.61%	39.09%
Copper (lb)	4.9645	-1.89%	-4.55%	1.19%	21.19%	-2.57%
Aluminium (lb)	1.2762	-2.30%	-2.49%	4.99%	11.64%	8.23%
Nickel (lb)	6.5603	-2.59%	-4.44%	-4.02%	-8.18%	-3.80%
Zinc (lb)	1.3663	-1.23%	-2.25%	2.25%	1.11%	8.22%
Uranium (lb) weekly	76.90	0.35%	-2.53%	-7.07%	6.81%	-2.23%
Iron Ore (t)	104.24	0.18%	-1.34%	-1.05%	0.39%	10.32%

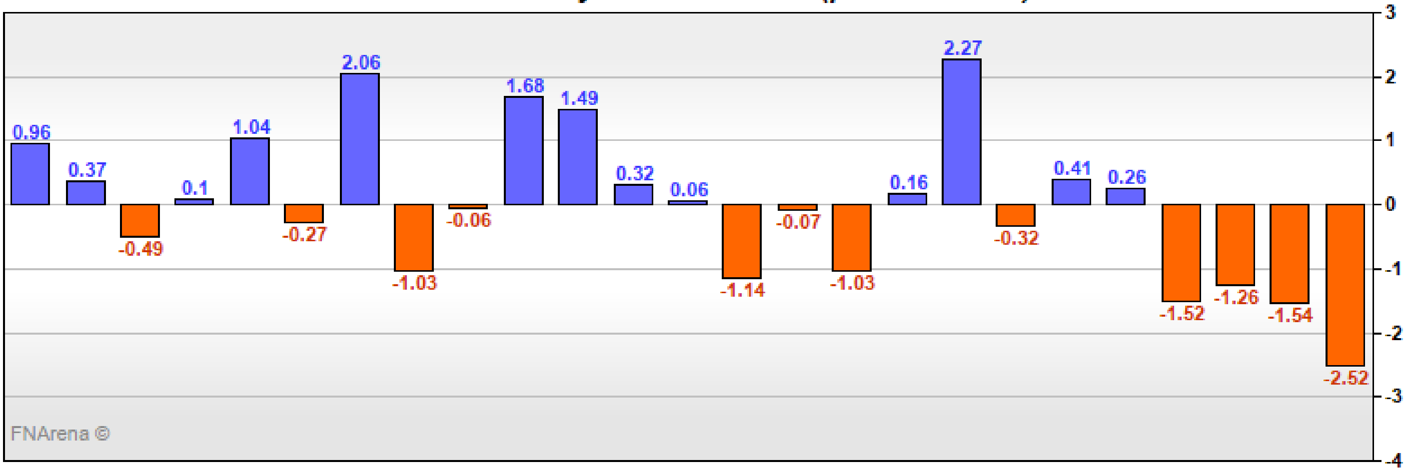
Energy

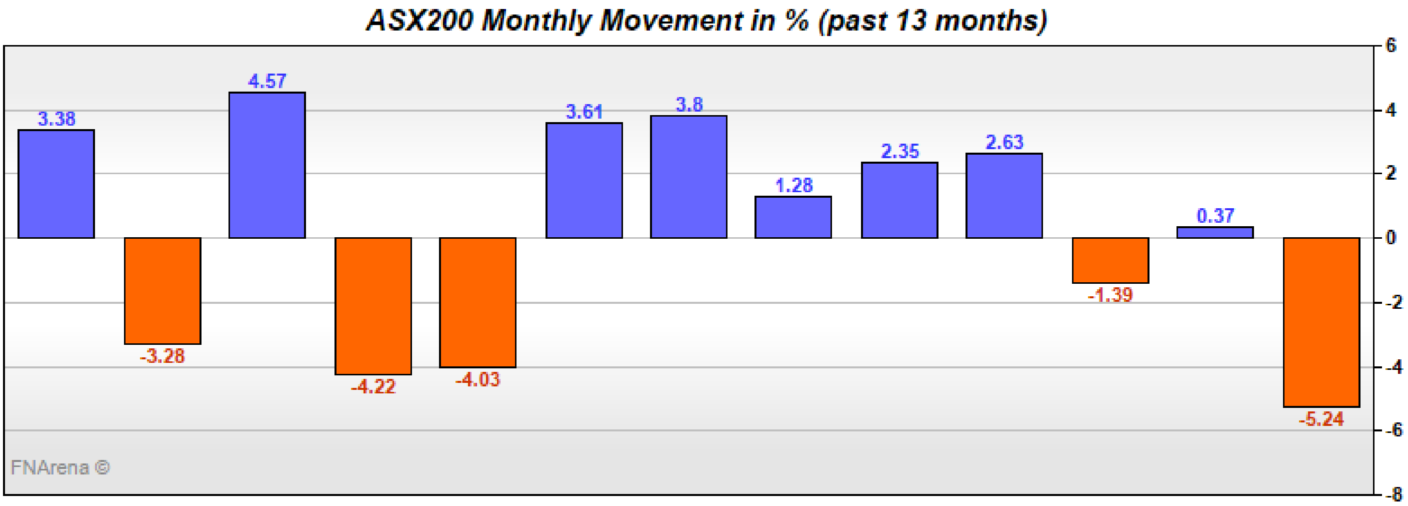
Index	22 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
West Texas Crude	58.71	0.03%	-2.78%	-7.02%	-15.50%	-10.39%
Brent Crude	63.10	0.14%	-1.85%	-5.45%	-13.04%	-5.54%

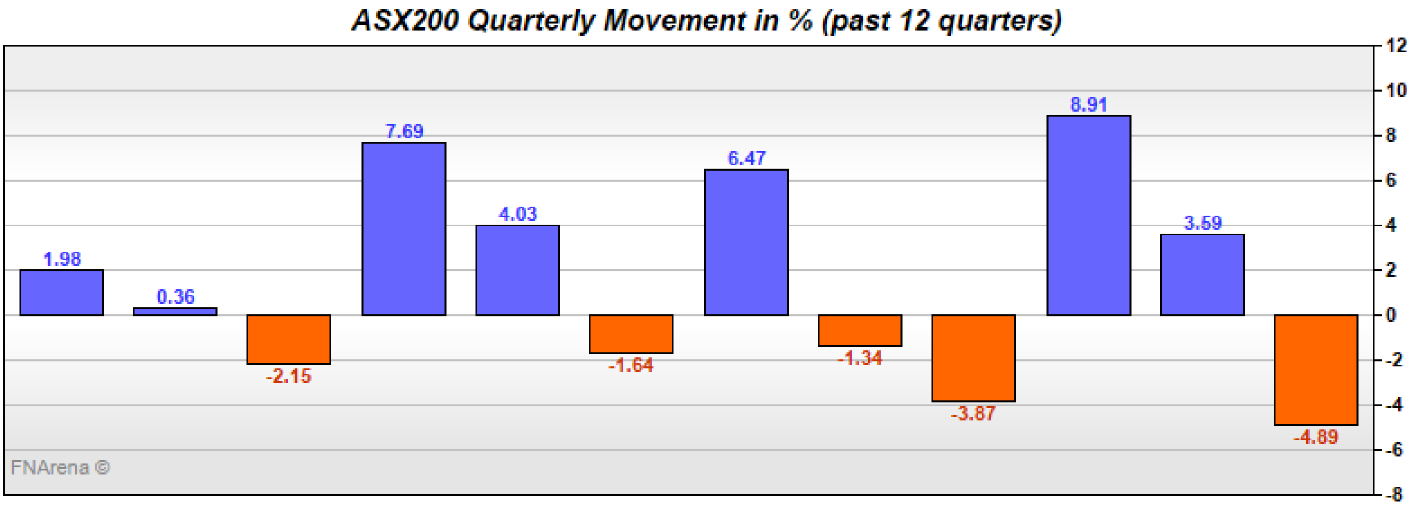
ASX200 Daily Movement in % (past 23 trading sessions)



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.

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FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

Are Markets Ready For Today's Model-T Moment?

Today's EVs are the equivalent of last century's Model T —a real game-changer— but for investors looking to profit, the challenges are plenty and real.

- **Global transition to electric vehicles is accelerating, led by China**
- **Strong demand for materials used in batteries**
- **Battery Energy Storage Systems were the under-the-radar demand driver in 2025**
- **CATL's production updates have significant impact on outlook for lithium pricing**
- **Companies Positioned in Australia's EV Rollout**

By Paul Githaiga

Think of EVs like the Model T — a real game-changer.

By 2025, the demand for battery storage has pushed lithium prices up, so investors are starting to pay attention. The International Energy Agency (IEA) reckons EVs saved about -1.3m barrels of oil a day in 2024; yeah, that's a lot, and it shows this shift is actually happening.

And it's not just cars anymore. Trucks, buses, even two- and three-wheelers are going electric.

Those smaller vehicles alone made up around 15% of sales last year. Governments are throwing in incentives, and with more used EVs on the market, they're finally within reach for everyday people.

Why this Matters Now

Canaccord predicts around 21.2m EVs will be sold in 2025. This is a massive 26% increase from the previous year. China alone accounts for about 61% of those sales.

Even with some economic challenges, UBS has observed a 17% increase in EV production in China this October compared to last year, indicating a strong demand for the materials used in batteries.

On top of that, grid-scale battery installations are ramping up fast. Brokers now see Battery Energy Storage Systems (BESS) as a second major pillar of lithium demand.

The mix of stronger demand and falling inventories is why price forecasts are all over the place — and why ASX lithium stocks have bounced.

Following the EV Dollars

Private equity remains cautious about EVs. Slow adoption and delayed profits make firms picky. Huge rounds and strategic investors are keeping the market alive.

Watch the balance sheet signals: big Chinese names (even profitable ones) are spending heavily to expand, which changes the risk picture for PE.

Retail investors remain engaged, but their focus has shifted. According to ARK Invest's Q2 2025 update, clean-energy ETFs (including EV themes) saw significant outflows.

In other words: retail money is still active, but more nuanced, not just buying EV hype, but hunting for long-term, structural plays.

And while investor appetite is shifting, broker desks are seeing something else entirely — the fundamentals and price decks behind the EV ecosystem have moved fast.

Here's how they frame the next phase.

What the Brokers Say

Different houses model very different short-term outcomes. Here's a simple, sourced table showing the spread of spodumene (SC6) forecasts:

Spodumene price forecasts (SC6), selected broker decks (US$/t)

Broker (date)	2025 (spot/desk)	2026 forecast	2027 forecast	Long term (incentive)
Morgans (12 Nov 2025)	spot ~US$1,000	**US$960**	**US$1,125**	**US$1,300**
Macquarie (17 Nov 2025)	spot ~US$1,000	**US$1,200–1,300 (early 2026)**	—	**US$1,300**
Canaccord (19 Nov 2025)	—	—	**Cycle peak SC6 ≈ US$2,250 (2027)**	**US$1,500**
Barrenjoey (12 Nov 2025)	spot ~US$1,031	**US$3,250 (2026)**	**US$2,325 (2027)**	**US$1,300**

Sources: Morgans, Macquarie, Canaccord, Barrenjoey — Nov 2025. Presenting ranges shows the real uncertainty.

<u>Takeaway:</u> spot is near US$1,000/t (mid-Nov 2025), but price forecasts for 2026–27 range from conservative (US$960–1,300) to bullish (US$2,250–3,250).

BESS: The Demand Surprise (and why it

matters)

Battery Energy Storage Systems were the under-the-radar driver in 2025. These are the key numbers to anchor your model:

BESS/ESS shipment forecasts (GWh)

Source (date)	2024 actual	2025 (desk)	2026 (desk)	2027 (desk)
Canaccord / Rho Motion (19 Nov)	2024: 166 GWh (installed)	**~334 GWh (Rho Motion baseline)**	(ramp to 800 GWh by 2033)	—
Barrenjoey (12 Nov)	9M25 China = **428 GWh**	**580 GWh**	**840 GWh**	**1,010 GWh**

Sources: Canaccord, Barrenjoey — Nov 2025.

Why you should care: BESS is creating steady demand for large battery supplies, boosting lithium needs.

Canaccord thinks BESS will need about 23% of all the lithium in the next few years. This will make it harder to find enough lithium for everyone.

Inventories, Audits, and the CATL Swing Factor

Two inventory signals are loud:

- **Macquarie**: aggregate LCE inventories down ~2–3 kt LCE/week (SMM data).
- **Barrenjoey**: current drawdown estimates ~10–15 kt LCE/month.

Strong demand and low refinery stocks are shrinking inventories. All eyes are on CATL's Jianxiawo, currently under a RMB 247m (US$35m) audit that went public in November 2025.

A restart could happen in December, but Macquarie expects it more likely after Chinese New Year in February 2026.

How CATL decides —restart or suspend— will heavily impact near-term supply.

Supply Wildcards

A handful of supply changes can flip price outcomes:

- **Australian restarts**: idled pits like Ngungaju (Pilbara) and Bald Hill (MIN) could resume if prices remain above US$1,200/t. (Macquarie)
- **African surge**: Barrenjoey points to Nigeria exports annualising 1.5 Mt (2025) vs <0.5 Mt in 2024; Mali/DRC output may enter in 2026.
- **Chinese audits/reclassification**: multiple lepidolite operations remain under review; reclassification or shutdowns would tighten supply further (Macquarie).

Company Evidence

Concrete events illustrate the market's re-rating:

- **Mineral Resources** (MIN) sold -30% of its 50% interest in Wodgina & Mt Marion to Posco for US$765m. That transaction materially strengthens the balance sheet and underpins upgraded valuations.
- **IGO Ltd** ((IGO)): commissioning of CGP3 (Greenbushes) lifts capacity to just over 2.0 Mtpa, underpinning large FY27 earnings upgrades.
- **Pilbara MInerals** ((PLS)): its size and low costs position it to weather cycles; but the share price by now implies a high spodumene deck (US$1,400/t).

Practical Investor Checklist

- **Set price cases**: Conservative US$900–1,300, base US$1,300–2,250, bull US$2,250+. Size positions based on what you believe.
- **Focus on scale & low cost**: Low AISC and strong balance sheets reduce risk.
- **Watch catalysts**: Keep an eye on CATL Jianxiawo restarts, Chinese audits, and African export flows.
- **Trim and buy the pauses**: Markets are volatile—take profits ahead of restart news, and buy dips in quality names.
- **Hedge or stage exposure**: Don't assume the market is in the bull scenario.

Quick Snapshot (Mid-Nov 2025)

Quick Snapshot (Mid-Nov 2025)

Metric	Figure/note
Spot spodumene (mid-Nov)	**~US$1,000–1,031/t SC6**
Inventory drawdown	Macquarie **2–3 kt/week**; Barrenjoey **10–15 kt/month**
BESS (2025)	Canaccord **~334 GWh**; Barrenjoey **9M25 China = 428 GWh**
Broker bull peak examples	Canaccord SC6 **US$2,250/t (2027)**; Barrenjoey SC6 **US$3,250/t (2026)**
Notable company PT moves	IGO **PT A$7.50**, MIN **PT A$55.00**, PLS **PT A$3.60** (Barrenjoey; Morgans)

Companies Positioned in Australia's EV Rollout

Several ASX-listed companies are well placed to gain from the ongoing EV rollout in transport, energy, and infrastructure.

- **Eagers Automotive** ((APE)) — Australia's biggest car dealer. Rising EV sales boost revenue, and new electric brand partnerships add growth. They're also expanding EV showrooms and service across the country.
- **Viva Energy** ((VEA)) — Operator of Shell and Liberty fuel networks, now converting sites into EV-charging hubs. This provides a natural hedge as petrol demand declines, creating a new recurring revenue stream.
- **AGL Energy** ((AGL)) — One of the country's largest electricity retailers and generators. More EVs means higher grid demand and faster growth in storage and renewable projects — key areas within AGL's strategy.

Look for **infrastructure and services** plays as well:

- **Rectifier Technologies** ((RFT)) — Designs the power-conversion components that sit inside fast chargers. As charging networks expand, the addressable market scales with each new installation.
- **GenusPlus Group** ((GNP)) — Builds and maintains the electrical infrastructure that underpins renewable projects and EV charging corridors. Increased electrification means steady contract flow.
- **Southern Cross Electrical** ((SXE)) — Does high-voltage and industrial electrical work. As charging corridors and battery projects roll out, company should pick up the upgrade and installation jobs.
- **IPD Group** ((IPG)) — Supplies switchgear, control systems, and EV chargers — effectively the hardware layer powering Australia's electrification.
- **PWR Holdings** ((PWH)) — Makes cooling systems for high-performance and electric cars. As more EVs hit the road, demand keeps rising.

Each of these sits in the practical, **"picks and shovels"** segment of the EV boom. These are the companies building, powering, and maintaining the transition itself.

The Takeaway: Trade the Facts, not the Headlines

Just as the Model T transformed transportation in the past, electric cars are reshaping how we think about transport, energy, and investments.

However, the transition won't be easy; prices, policies, and technology will fluctuate.

Pay attention to what happens with CATL and Chinese audits, focus on companies that can scale and execute well, and use current price jumps as chances to sell some shares instead of going all-in.

Technical limitations

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

AUSTRALIA

Outlook Intact Post Tech1's FY25 Punishment

Shares in TechnologyOne reacted negatively on the release of a record FY25 performance, as not all metrics met elevated expectations and as the global technology sector is de-rated.

-TechnologyOne delivers record FY25 metrics
-Profit exceeds guidance, strong UK growth
-Market concerns on softer than expected ARR and NRR
-Global de-rating for the sector equally impacts on updated valuations/price targets

By Mark Woodruff

TechnologyOne is considered one of the higher quality software businesses on the ASX

In unveiling FY25 results, management at ERP SaaS company TechnologyOne ((TNE)) delivered its sixteenth consecutive year of record profit and revenues, along with record SaaS fees.

Management maintains its prior aim of doubling the size of the business every five years driven by R&D investment.

A rise in profit before tax of 19% exceeded guidance set in May for between 13-17% growth, while total revenue grew 18% to $599.9m.

As expected, no formal FY26 guidance was provided as company practice is to issue longer-term forecasts (five years) and short-term (current financial year) guidance further into the accountancy period.

A special dividend of 10cps was declared along with the final dividend of 20cps (both franked to 65%) boosting the total FY25 dividend by 63% to 36.6cps. The dividend payout ratio increased to 65%-75% of net profits from 55-65%.

Strong UK growth was also evident from material customer wins in the Local Government and Higher Education verticals, due to the success of SaaS Plus. Together, these verticals represent around 65% of annual recurring revenue (ARR), highlights RBC Capital.

UK ARR jumped by 49% to $51.8m on a 52% surge in UK new sales ARR. Group ARR rose by 18% to $554.6m.

Management believes TechnologyOne possesses a “game changing” SaaS Plus offering, combining vertical-specific and mission critical SaaS ERP and implementation, with the fastest implementation times in the industry -- globally.

ERP software gathers key data within larger organisations from core functions (such as Accounting, Human Resource Management, Enterprise Content Management and Payroll) and integrates into one unified system for management.

When opting for SaaS Plus, the customer pays one annual fee, with no upfront costs or hidden extras, dramatically reducing risk, and cost.

Apart from Local Government and Education, the company’s verticals are Government, Health & Community Services, Asset & Project Intensive Industries, and Financial & Corporates.

Dismal share price reaction

Morgans believes the negative share price reaction, a fall of -17.2% on result’s day, was likely driven by a **softer-than-expected group-wide ARR and net revenue retention** (NRR) outcome, with ARR growth missing consensus expectations by around -2%.

Consistent with management’s long-term target for a minimum of 115-125%, NRR was 115% compared to 118% in the first half and 117% over FY24.

UBS points to market disappointment over the NRR metric, but the result is still considered as broadly strong.

With the stock trading on an elevated multiple amid a sector rotation out of technology, expectations were high. Any failure to meet was likely to weaken the share price.

Since an early-June peak, TechOne's share price has fallen about -30%, a decline broadly in line with the pullback seen across key ASX software peers such as Pro Medicus ((PME)), WiseTech Global ((WTC)), and Xero ((XRO)) over the same period.

Jarden highlights a softer-than-expected gross margin in FY25 at 86.3%, below both its own estimate and consensus for 87.5% and 87.2%, respectively.

Management explained the company is still on track for over $1.0bn of ARR by FY30, having already achieved the $500m target 18 months ahead of schedule. Analysts believe the UK and AI will be central to the attainment of the reaffirmed ARR aspiration.

In the APAC region, sustained net revenue retention within TechOne’s 115-120% target range will depend heavily on the successful adoption of new AI and AI-enhanced product offerings, explains Jarden.

Significant new customer wins or broader net customer growth represent potential upside risk to this broker’s current forecasts.

The analyst at Macquarie adds uncertainty around AI pricing and pipeline development leaves both the timing of adoption and the eventual revenue opportunity unclear.

Shaw and Partners remains confident in the outlook given key metrics remain impressive alongside the strong product story.

This broker concedes the result only reflected typical cyclical trends and lacked the “sizzle” which might have sparked stronger market enthusiasm.

Strong cash flow

The ARR result, supported by record free cash flow ((FCF) generation, produced a 7% rise on the prior year for the Rule-of-40 metric to 59%. This places TechOne in the top quartile of global SaaS software businesses, as highlighted by management.

Bell Potter explains cash flow generation of 134% was supported by growth in annual in-advance billings and the pull-forward of creditor payments in FY24. This contributed to a robust cash balance of $319.6m.

Free cash flow (FCF) of $181.0m (up 61% year-on-year) was a standout, suggests Canaccord, supported by an around $63m working capital tailwind, resulting in a 'beat' versus forecasts by the broker and consensus of 32% and 34%, respectively.

Gross FCF grew 55% year-on-year, 27% ahead of Shaw's forecast. An improvement in receivables was not due to any one-off factors just disciplined control, according to management.

Driving leverage and flexibility for the future, management achieved a FCF/NPAT ratio of 134%, ahead of the 100% long-term target.

UK business and SaaS Plus

Management noted the UK business is gaining momentum, supported by new customer wins, a shift upstream toward larger local government and university clients and early signs of net revenue retention (NRR) improvement as customers increasingly evaluate TechOne's full product suite.

Macquarie explains expansion within existing customer logos continues to underpin the company's long-term revenue trajectory. Net retention is likely to trend lower on a structural basis as inflation normalises from the elevated post-covid period, which previously supported stronger uplift.

With net retention on existing products moderating, the Plus product is becoming an increasingly important contributor to TechOne's long-term growth story.

Canaccord Genuity sees clear evidence the move upstream into boroughs and districts is paying off.

This broker views SaaS Plus as a transformational offering for new customer wins, noting UK deal sizes are already scaling meaningfully, with the company exclusively offering the recently launched AI product SaaS Plus in that market.

Ord Minnett mentions positive early feedback on the 'Plus' product (not to be confused with SaaS Plus) launched around four weeks ago, with eight deals already signed pre the official release to customers in March 2026. A full run-rate impact is expected only in FY27, notes Macquarie.

Plus includes a transactional-driven ARR component. Ord Minnett explains as users exceed their allocated interactions and conversations, they can purchase additional bundles, providing ARR uplift.

This potential upside is currently excluded from management's forecasts, highlight the analysts.

Outlook

TechnologyOne is one of the higher quality software businesses on the ASX, reiterate the analysts at Ord Minnett, who remain positive on the outlook but still see the current valuation as a stretch, thereby maintaining a Hold rating.

Structural tailwinds remain favourable, highlights Macquarie, supported by continued cloud migration, the competitive lift from SaaS Plus, and weakening rivals, most notably UK-listed Tribal Group, which alone represents a near-term $100m revenue opportunity.

Due to the rollout of TechOne's in-product AI and the launch of its Plus offering next year, management remains confident in customer adoption and building NRR momentum, observe the analysts at Morgans, underpinned by a 10% uplift to the new sales rate card.

Morgans upgrades its rating to Accumulate (one rung below Buy) from Hold and, in the absence of red flags, Shaw and Partners upgrades to Buy from Hold given a $37.30 target price, up from $36.30.

The analyst at Shaw highlights the company's strong balance sheet, which enables continued investment in the business, supports M&A opportunities, and allows for capital returns to shareholders through dividends, etc.

UBS analysts took their time to update views and modeling post the FY25 release, also because of a change in covering analyst. While the new analyst in charge pared back UBS' price target to $38.70 from $44.50, the continued expectation is for 20% growth in pre-tax profits per annum for the five years ahead, which underpins the Buy rating (unchanged).

The FNArena database consists of seven daily monitored brokers researching TechnologyOne, including one Accumulate rating, along with three Buys, and three Holds.

The average target price of the seven brokers has reset at $34.00 from $38.42, implying around 14% upside to the $29.86 share price at the time of writing.

Outside of daily coverage, Canaccord Genuity has a Buy rating, while Jarden downgraded to Hold (or equivalent) from Buy, with the former reducing its target to $42.15 from $45.60 target and the latter to $32.00 from $44.82.

Outperform-rated RBC Capital lowered its target to $38 from $45.

Several broker targets were negatively impacted by lower assumptions for valuation multiples and weighted average cost of capital (WACC), partly driven by this year's global de-rating of Technology shares.

COMMODITIES

Material Matters: Lithium, Rare Earths & Gold

A glance through the latest expert views and predictions about commodities: Boost to lithium demand; rare earths and selective floor pricing; global steel production; mid-tier gold picks.

- **Energy Storage Systems' demand boosts lithium pricing**
- **Jury is out on selective floor pricing benefits for rare earths**
- **Emerging Asia? ex-China the saviour for global steel?**
- **Barenjoey's mid-tier gold producer picks**

By Mark Woodruff

ASX-listed lithium exposures are back in investors' sight

Impacts of Energy Storage Systems on lithium pricing

Canaccord Genuity believes the improving outlook for the lithium sector should continue to underpin equity performance and recommends investors reassess their exposure accordingly.

Having seen the trough for both spodumene and lithium chemicals prices in late June, and with **Battery Energy Storage Systems (BESS) demand** now outperforming expectations, the analysts believe the lithium market has shifted decisively into a fresh up-cycle.

The price of 6% lithium oxide spodumene concentrate (SC6) has increased 19% this month to US$1,155, driven by interest from the energy storage sector, Citi explains.

Canaccord also points to the restart of concentrate auctions by spodumene producers, interpreting this as evidence of strong inbound buying interest and possibly ongoing suspensions across Chinese lepidolite operations.

After updating its price deck and implementing model revisions, Canaccord's price targets for lithium producers under research coverage have risen by circa 25% on average.

Morgan Stanley shares Canaccord's optimism on lithium, noting demand for Energy Storage Systems (ESS) is accelerating in 2025 and shows no sign of slowing into 2026. ESS refers to battery-based units which store electricity, often from renewables, for use at a later time.

The market is overwhelmingly dominated by lithium iron phosphate (LFP) technology, which holds more than 90% share, notes the broker. Leading systems are now capable of delivering up to eight hours of storage.

This momentum is not only positive for lithium but also for aluminium and copper, explain the analysts, with all three commodities now facing tighter markets in the year ahead.

ESS shipments are already running ahead of installations as the market scales rapidly, helped by surging AI-driven electricity demand, rising renewable penetration, and evolving policy settings in China.

A Chinese policy change in June, which removed the mandate for new solar and wind projects to include battery storage, was expected to reduce BESS orders in the second half, yet orders have surged.

UBS explains the rapid emergence of intraday power-price spreads, driven by early market-based pricing reforms and a growing share of variable renewables, is encouraging BESS deployment to arbitrage these spreads.

Morgan Stanley now assumes 30% of new solar capacity added in China in 2025 will be paired with ESS, rising to 40% by 2030 from 20% in 2023.

This broker, however, questions the durability of current spot prices once idled supply returns and the demand pulled forward in EVs (ahead of expiring U.S. policy) and ESS (due to U.S. tariffs and inventory build-ups) unwinds.

Morgan Stanley analysts also flag uncertainty over China's plan to scale back EV subsidies in 2026, noting EVs are no longer a strategic priority in Beijing's five-year plan, which could temper production and, in turn, lithium demand.

UBS observes momentum is also accelerating outside China, with Europe showing strong growth in project pipelines and order books across Germany, Spain and the Middle East, as well as in Australia and --believe it or not-- the US.

Regarding the US, the broker explains ESS uptake is being propelled by rising AI-related electricity demand and the broader expansion of renewable generation.

Chinese BESS suppliers have been shipping heavily into the US ahead of Foreign Entity of Concern rule changes next year.

Also, with AI hyperscalers seeking new sources of power, it's noted many US states now view **solar plus BESS or standalone BESS as the fastest route to adding new generation capacity**.

Arguing faster demand growth brings forward the return to deficit conditions, Canaccord has lifted its lithium price forecasts by an average 38% for lithium chemicals and 73% for SC6 across 2026–29, incorporating expected cycle peaks in 2027 of US$25,000/t for chemicals and US$2,250/t for SC6.

More than 330GWh of BESS capacity is now expected to be installed in 2025, a 220% upgrade on prior estimate.

Canaccord research suggests annual BESS additions could approach 800GWh by the 2030s, underpinned by a -43% decline in lithium-ion battery costs since 2022 and a rapid expansion of renewable-energy capacity.

Government incentives, along with growing needs for grid optimisation, system stability and backup power for AI-driven data centres, are expected to reinforce this growth.

Although the broker's EV sales growth forecasts have been trimmed, BESS is now expected to account for an average 23% of total LCE demand, compared with 62% from EVs.

This lifts Canaccord's total demand forecasts by roughly 8% per annum to 3.1mt LCE by 2035, more than double 2025 levels.

Canaccord reiterates its positive stance on the ASX Lithium sector, highlighting sector leaders such as Pilbara Minerals ((PLS)) alongside undervalued producers offering operating leverage or production ramp-ups, such as Elevra Lithium ((ELV)).

The broker also likes emerging producers and project developers Core Lithium ((CXO)), Galan Lithium ((GLN)), ioneer ((INR)), and PMET Resources ((PMT)).

Citi prefers IGO Ltd ((IGO)) and Pilbara Minerals over Liontown Resources ((LTR)) under this broker's long-term SC6 assumption of US$1,400/t.

Citi favours IGO Ltd in the base case and Pilbara Minerals in an up-cycle, due to the latter's potential to expand production via the P2000 project and Ngungaju plant within the overall Pilgangoora lithium operation in Western Australia.

IGO is thought to be most resilient in case of a weakening in lithium pricing, being the lowest-cost producer, while Liontown shows the greatest leverage to small SC6 price increases due to its higher cost base, the broker explains.

Rare Earth Element sector

The analyst at Argonaut has lifted rare earth element price forecasts, assuming linear gains to 2030, cautioning floor-price arrangements will not aid non-participants.

It's thought heavy rare earths dysprosium and terbium will ultimately outperform neodymium and praseodymium.

The broker's price targets for Iluka Resources ((ILU)), Brazilian Rare Earths ((BRE)), Meteoric Resources ((MEI)), and Northern Minerals ((NTU)) are trimmed slightly, while targets for Lynas Rare Earths ((LYC)) and Brazilian Critical Minerals ((BCM)) remain unchanged.

Selective floor pricing benefits direct recipients such as US-based MP Materials but works against building a genuinely competitive industry, opines the analyst.

Without a high-quality project, the broker believes a developer is unlikely to reach the scale or cost base needed to compete with entrenched Chinese producers, whose rare earth industry remains years ahead of the west.

It's felt meaningful progress will require the US and its allies to commit to long-term, strategic industry support beyond short political cycles.

By engaging proactively with both Chinese and non-Chinese partners, Malaysia is positioning itself as a potential regional hub across the rare earth supply chain, in a way that mirrors Indonesia's emergence in nickel, Argonaut highlights.

Given the value premium over mineral concentrate and mixed rare earth carbonate (MREC), many developers aim to produce oxides to maximise revenue.

In practice, achieving reliable oxide output is far more difficult. The broker explains Lynas took seven years for its Malaysian separation plant to exceed 85% of nameplate capacity, while MP Materials has reached only about 45% two years after commissioning in 2023.

This track record suggests to Argonaut new entrants such as Iluka Resources with its Eneabba facility will face a challenging ramp-up.

UBS highlights rare earth permanent magnet demand remains strong, with traditional uses growing below 10% per annum and newer segments such as EVs and robotics rising above 30% per annum, driving total demand growth of 10-12% per annum.

China continues to export magnets under existing quota and licensing processes. The broker believes decoupling will take time given technical barriers and the long runway incumbents needed to reach current capability.

Regarding humanoid robots, the broker is bullish, noting rapid gains in functionality and cost declines, with each unit typically using 2.5-4.5kg of magnets.

Steel production: developed vs developing

economies

Since the global financial crisis, steel production in developing markets ex-China has grown 2.3% per year, or 40% over the period, while output in developed economies has fallen -2.2% per year (-30%), analysts at Citi highlight.

Africa, Latin America and the former CIS have been weak, while Emerging Asia (India, Vietnam, Korea) and the Middle East (notably Iran) have expanded at 5.8% a year and now account for nearly one-third of ex-China steel production, up from 14% in 2007.

The combined region is approaching the scale China reached in 2004

If this pace continues, Citi forecasts the region could add more than 500mt of steel demand over the next two decades, potentially offsetting a halving of Chinese demand.

In the first half of 2025, the region's output rose 4% year-on-year, or 6mt, offsetting around half of China's -12mt decline.

UBS expects crude steel output is expected to be flat to slightly lower next year, with direct exports outperforming thanks to strong demand in the ASEAN region, India, and Belt & Road markets, along with China's cost advantage and its ability to absorb anti-dumping measures.

Indirect exports remain firm as China diversifies trade and moves up the value chain, while domestic demand continues to soften with weaker property construction, UBS explains.

Iron ore supply is viewed as balanced, with Simandou's impact anticipated to remain modest through 2026.

UBS's industry contacts see iron ore averaging about US$95/t in 2026, underpinned by broadly resilient steel demand.

Most of the broker's contacts expect Simandou shipments of 30-60mt in 2026, with heavy wet-season variability, and anticipate iron ore easing around -US$10-15/t from current levels but not collapsing into a sustained US$70-80/t range, given cost-curve support and ongoing demand growth in ASEAN, India and Belt & Road regions.

The analysts explain India's net exports are falling as low-grade miners need more than US$100/t, China's domestic ore is flat to down as grades decline, and state-backed China Mineral Resources Group is seen largely as another trader helping dampen price volatility.

Barrenjoey on mid-tier gold producers

Barrenjoey reviewed emerging mid-tier gold producers listed on the ASX delivering under 200koz a year, across a number of valuation metrics and with regard to company guidance.

Catalyst Metals ((CYL)), Black Cat Syndicate ((BC8)), and the merged Predictive Discovery ((PDI))/Robex Resources ((RXR)) group (closing in the next few months) stand out for production growth and cash generation, suggest the analysts, while Alkane Resources ((ALK)) screens as the cheapest over a three-year horizon.

Catalyst's growth outlook is supported by existing processing infrastructure, explains the broker, with delivery dependent on sustaining remnant mining at Plutonic and advancing new ore sources at Plutonic East, K2, Trident and Old Highway.

Black Cat screens most attractively on EV/Production multiples, with plans to lift output to 200koz via the ramp-up of Kal East and Paulsons and the restart of Coyote, without major processing investment.

The West African discount is evident for both the combined Predictive Discover/Robex group and Orezone Gold ((ORE)).

The funding logic is clear for the merged entity, explains the broker, pairing a near-term cash-generative asset producing 193koz in 2026 with a project needing -US$463m in pre-production capex helps unlock the value of the combined Reserves.

Orezone stands out with FY26 output of 170-185koz and its stage-2 expansion toward a 235koz target already progressing for first production in the fourth quarter of 2026.

Still, Burkina Faso's push for a larger stake in West African Resources' ((WAF)) Kiaka project suggests to Barrenjoey markets may continue to apply a heavy cost-of-capital penalty to assets in the region.

The broker explains Alkane Resources ranks best on cash generation relative to EV, with EV/EBITDA dropping to 1.7x in FY28 from 2.5x in FY26 and a 23% free cash flow (FCF) yield.

Costerfield's short mine life is seen as weighing on sentiment, but remains a minority of FY26 output, with Tomingley and Bjorkdal offering deeper Reserve lives.

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FEATURE STORIES

Australian Banks: Coming Home To Roost

Australia's major banks once again largely met consensus forecasts in the November reporting season. The sector also has finally seen the sell-off warned of all year.

- **Australian major banks again called overvalued ahead of result season**
- **Banks again posted benign results**
- **This time, meeting forecasts was not enough to justify valuations**
- **Results have opened up divergence between Aussie majors**
- **Buy ratings still the sector's hen's teeth**

By Greg Peel

The public debate about Aussie bank valuations has now become a permanent feature

Six months ago, ahead of the May bank reporting season, sector analysts were concerned valuations were too high.

The buzz-phrase at the time was "cost of living", and the RBA had lifted cash rates to control higher inflation (i.e. the cost of living), suggesting mortgage strain on households on top of generally higher prices would lead to loan arrears and bad debt write-offs, reducing bank earnings.

Given elevated valuations, it was incumbent on the banks to post at least consensus-meeting results to avoid a sell-off, analysts warned.

They did.

Westpac ((WBC)), ANZ Bank ((ANZ)) and National Australia Bank ((NAB)) posted first half FY25 (year-end March) results, while Commonwealth Bank ((CBA)) provided a March quarter update.

Most notably, bad debts were benign. While revenues were lower in the period, the asset quality (bad debt) outcome along with solid market income (banks' market trading) supported earnings, and dividends.

In the following six months to November, bank share prices continued to rise, and rise, although shares in the supremely overvalued CommBank did peak and ease back in the period. The drivers behind the gains were many, beyond not-as-bad-as-feared earnings results.

After March comes April, and that's when Trump unleashed hell on global trade. Despite TACO and flip-flopping ever since, global trade uncertainty, and thus economic uncertainty remains to this day. Australia's AA-rated banks are seen globally as safe havens --equity equivalents of gold-- and hence drew global inflows.

Weakness in China's economy led to expectations of lower commodities demand, and hence selling in Australia's resource sector -- funds which typically flow into banks.

Superannuation inflows continue to grow, requiring allocation to the Australian market's largest sector. Buying begets buying by index-tracking funds.

Just how far could the market push PE multiples beyond their longer-term averages?

Dark Clouds

Looking ahead in May toward November, bank analysts were concerned about a weakening Australian economy, aided by a weaker Chinese economy, leading to rising unemployment.

This, combined with gradually easing inflation, would lead the RBA to continue to cut the cash rate, and that would weigh on banks' net interest margins (NIM) and thus earnings.

Rising unemployment would lead to rising bad debts. The offset would be lower mortgage rates, but a weak economy would reduce loan demand from both businesses and households. Lower cash rates would impact on bank NIMs.

Unemployment has indeed risen in the past six months, but only slightly, from historically low levels, and has actually been both up and down in monthly figures. Inflation was easing, but has ticked up again recently, albeit largely due to the expiry of the government's electricity rebates.

As I write, the October CPI numbers have just dropped (now a comprehensive monthly measure consistent with prior quarterly assessments). The headline rate is up to 3.8% from 3.6%, and core to 3.3% from 3.2%.

The RBA Governor Bullock stated earlier this month that "*it's possible that there are no more rate cuts" and "it's possible there's some more*". Not exactly helpful, but these latest CPI data suggest the former.

Australia's economy has not weakened. Loan demand has not fallen -- quite the opposite. The housing market once again has a rocket under it, further fuelled by the government's first home buyer scheme.

On that basis, fears of a downturn in bank earnings eased into the November result season, but given elevated valuations --even more elevated than they were in May-- analysts were again warning the banks had better post results that beat consensus, given simply meeting consensus this time would likely not be enough.

Something had to Give

Earlier this month, Westpac, NAB and ANZ reported full-year FY25 results and CBA provided a September quarter update.

Overall, the reporting season demonstrated sector fundamentals are broadly sound, Wilsons suggests, with headline results largely in line with expectations. However, there were some notable differences in underlying trends and relative share price performance across the majors.

Indeed, immediate share price responses to result releases were in opposite directions between the majors. But that is by the by now. The share prices of all four have been in a downward trajectory ever since.

The major banks' FY25 results saw the benefits of a steadily improving macro environment (economy) over the past six months, Citi notes, with resilient credit growth, stabilising rate cut expectations, swap rates (bank funding costs) that are now in-line with pre-tariff uncertainty and benign asset quality (low bad debts).

In a marked shift from prior halves, Macquarie points out, bank fundamentals showed stronger trends (excluding ANZ). Pre-provision profits rose 1-4% (adjusting for markets income) underpinned by better revenues, while headline earnings remained supported by low impairment (bad debt) charges.

The Breakdown

The key positives in this reporting season for Macquarie were better underlying margin trends, continued solid markets income, and low credit impairments (excluding NAB). The key negatives were higher expenses growth, while capital was mixed (better for ANZ and Westpac, but weaker for NAB).

Credit growth continues to surprise to the upside, Wilsons notes, supporting better-than-expected revenue. System growth remains above trend, at around 6% in home loans and 9% in business lending.

Banks have expressed confidence this pace can be sustained given a healthy macro backdrop; a view reflected in medium-term consensus forecasts.

Costs were a key differentiator. Wilsons notes operating expenses grew faster than expected at CBA and NAB (4-5%), due to higher wages, more frontline staff and tech spend.

On the other hand, ANZ and Westpac are holding up better than expected, guiding to flat (Westpac) or lower (ANZ) costs over the next year, amidst their respective restructuring programs (front-end for ANZ, offering shorter term benefits, back-end for Westpac, suggesting longer term benefits).

Expenses growth was generally a headwind, Macquarie points out, up 3-6% half on half and 3% quarter on quarter. Expense revisions were also negative, except ANZ which gave clear guidance around its cost-out program.

This headwind has seen all banks target greater productivity as they seek to manage elevated vendor and tech inflation. While Macquarie expects expenses growth to moderate in FY26, the broker still sees it remaining elevated at 2-6% (ex-ANZ).

Balance sheets remain broadly healthy on a proforma CET1 (capital) basis, albeit with some key differences across the banks. Westpac is very strong (12.5%), Wilsons notes, supporting potential surplus capital returns (buyback or dividends), while ANZ (12.3%) is also well positioned.

CBA's CET1 declined unexpectedly in the September quarter (11.8%), while NAB (11.8%) has no meaningful buffer above its target, which could pose downside risk to consensus dividend expectations, Wilsons warns.

Macquarie also found capital (ex NAB) was better, with weak organic capital generation offset by inorganic tailwinds.

Upcoming regulatory change from APRA will be a tailwind for Westpac and CBA, Macquarie suggests, while ANZ's discounted dividend reinvestment plan (DRP) addresses the broker's capital concerns.

As a result, Macquarie has removed dividend cut expectations for most banks, but still expects NAB to cut its dividend in the first half FY27.

The majors generally reported lower-than-expected credit impairment/bad debt charges, which has driven modest earnings upgrades.

Westpac and ANZ were the most benign, Wilsons notes, while CBA's impairment charge was in line with consensus. However, NAB's bad debts were 6% above consensus, driving modest earnings downgrades.

Looking forward, with lower cash rates and a decline in early arrears, Wilsons suggests impairment charges are expected to remain below through-the-cycle levels across the sector over the medium term.

NIMs were resilient through the half, Wilsons notes, bolstered by deposit repricing early in the half, despite RBA rate cuts and intense mortgage and business banking competition.

However, consensus expects margins to ease over the medium-term, due to ongoing competitive and funding pressures, which will be a key headwind for sector earnings.

With the cash rate easing cycle nearing (or at, for now) its end, margin commentary was generally better (ex-CBA). That said, with replicating portfolio (hedging) benefits easing materially, Macquarie expects margin pressure to remain (better for NAB, worse for CBA).

Those Valuations?

Earlier in the year, Morgans Stanley noted RBA rate cuts of -75-100 basis points would be the “sweet spot” for banks, as this should provide a deposit re-pricing opportunity, boost home loan growth, and keep loan losses lower for longer.

Since December last year, the RBA has cut by -75bps.

Despite concerns that lower rates are bad for margins, the modest easing cycle has been “unambiguously” good for banks, Morgan Stanley notes, with underlying margins slightly up year on year, system mortgage growth tracking higher, SME loan growth remaining strong, and loan loss rates stable.

At the same time, the major banks’ average one-year forward PE has re-rated to circa 19.5x from circa 18.5x.

The key themes from the banks’ reporting season were rising cost pressures and a divergence in asset quality outcomes, Bell Potter suggests, with performance driven by how well each bank had managed these.

Dividend yields across the sector remain low and earnings growth subdued, yet valuations have stretched further, trading well above long-run averages.

Bell Potter maintains an Underweight conviction on the broader banking sector.

Overall, despite minor consensus revisions for individual banks, tying together each of the key earnings drivers, the sector-level earnings story remains broadly unchanged. Wilsons continues to expect the banks to deliver modest, not particularly compelling, low- to mid-single-digit earnings growth over the medium term.

Wilsons' cautious sector stance and underweight positioning remain unchanged.

Yet, with banks having been sold off since reporting season, are they still overvalued?

The sell-off in the banks, coupled with the relatively divergent performance within the majors this year to date, has raised a number of questions from investors in Citi’s recent marketing. Investors are keen to understand the risks to the ANZ’s and Westpac’s outperformance.

Citi notes “self-help” (restructuring) share price momentum typically gets frustrated by revenue underperformance, and the improving revenue outlook should provide support to ANZ’s ambition to “float” with the market and Westpac’s ambitions to pivot to business.

The stark underperformance of CommBank this year has some querying whether shares have fallen enough to be more constructive.

Citi notes the premium has come under pressure in the past from improving breadth and better franchise momentum in peers, and the recent set of results suggest both of those factors will likely persist into 2026.

UBS suggests the fact we are approaching the end of the year may explain some of the recent sell-off in the banking sector. The sector over the past two years has been a beneficiary of strong price momentum (mainly) with some positive earnings revisions too.

The sector is stable and defensive, UBS suggests, with reasonable earnings visibility but valuation multiples are now unwinding. As an example, CBA is now trading at 24x forward earnings (mid-November) versus a seven-year average of 19.10x.

Negative price momentum may become self-reinforcing, UBS warns.

To sum up brokers’ general view on the banks going forward, we’ll let a picture paint a thousand words:

FNArena Major Bank Data					FY1 Forecasts				FY2 Forecasts			
Bank	B/H/S Ratio	Previous Close $	Average Target $	**% Upside to Target**	% EPS Growth	% DPS Growth	% Payout Ratio	**% Div Yield**	% EPS Growth	% DPS Growth	% Payout Ratio	**% Div Yield**
JDO	6/0/0	1.48	2.08	**38.78**	42.7	N/A	0.0	**0.0**	37.6	N/A	0.0	**0.0**
MQG	1/4/0	191.91	222.20	**13.08**	10.8	7.9	64.7	**3.6**	9.0	10.0	65.2	**3.9**
NAB	0/3/3	40.63	37.49	**- 7.72**	6.3	0.6	72.8	**4.2**	3.2	- 1.6	69.4	**4.1**

ANZ	0/3/3	34.91	33.52	**- 4.41**	23.7	0.8	68.3	**4.8**	3.1	4.0	68.8	**5.0**
BOQ	0/3/3	6.48	6.55	**1.44**	100.0	2.6	69.6	**6.0**	3.6	3.6	69.6	**6.3**
WBC	0/2/4	38.02	34.48	**- 8.82**	2.3	3.7	76.8	**4.2**	2.5	2.4	76.7	**4.3**
BEN	0/2/3	10.19	11.10	**8.61**	N/A	0.0	73.6	**6.2**	2.9	0.0	71.5	**6.2**
CBA	0/0/6	153.14	117.55	**- 23.60**	3.9	1.7	78.5	**3.2**	4.6	4.0	78.1	**3.3**

It was notable back in May, post the first half season, that among the brokers monitored daily by FNArena, only one Buy rating was in place (UBS for Westpac), with all other ratings either Holds or Sells (and all Sells for CBA, as usual).

Ahead of the November season, the same was true, other than the one Buy rating now came from Morgan Stanley for NAB.

Post the November season…well…there is not one Buy rating for the majors, nor for the two regionals. Between them, the majors have drawn 13 Hold or equivalent ratings and 21 Sells (six for CBA).

Disruptor Judo Capital ((JDO)) remains a clear outlier, enjoying a growth phase, while investment/commercial bank Macquarie Group ((MQG)) can itself only draw one Buy rating, but at least no Sells.

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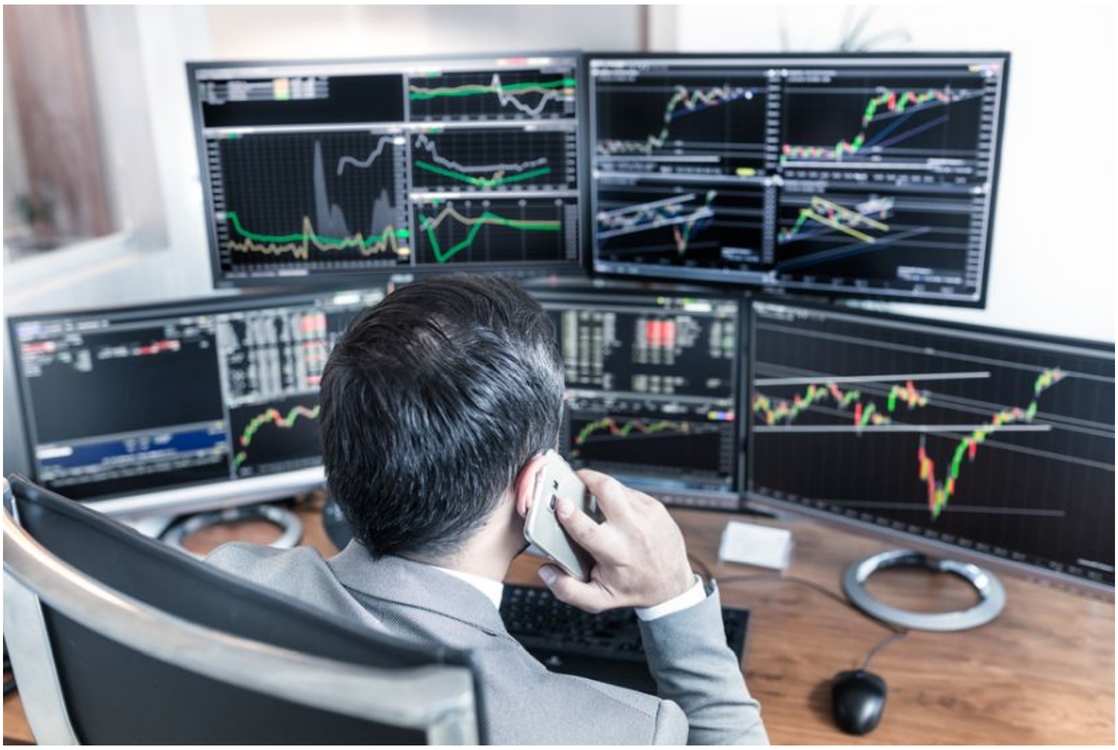
FYI

ASX200: What Stocks Are Included And Why It Matters

Why 200 Companies Define Australian Investment Reality (and why they don't).



Every investor tracking Australian shares eventually encounters the ASX200.

It's mentioned in financial newsletter reports, referenced in stock market news, and used as the benchmark for countless investment funds.

But what actually makes these 200 companies special? Why do fund managers obsess over index membership, and what does inclusion mean for your investment portfolio?

The answers matter more than most investors realise.

What the ASX 200 Actually Represents

The ASX 200 tracks Australia's 200 largest companies by market capitalisation. Simple concept, massive implications.

These companies collectively represent about 80% of Australia's total equity market value. When you hear "the Australian market moved today", you're essentially hearing about how these 200 businesses performed.

Market cap determines inclusion, not profitability, revenue, or how well-known the company name is.

A company worth $2bn ranks higher than a profitable $500m business, regardless of which one makes better products or earns higher returns.

This market-cap weighting creates interesting dynamics. The biggest companies dominate index performance whilst smaller ASX200 members barely move the needle.

The Big Four Banks Still Dominate

Commonwealth Bank ((CBA)), Westpac ((WBC)), National Australia Bank ((NAB)), and ANZ Bank ((ANZ)) collectively hold enormous influence over index movements.

Together with Macquarie Group ((MQG)), financial services represent roughly 25% of total ASX200 value.

When banks rally, the index rises. When banking stocks struggle, broader market performance suffers even if hundreds of other companies are doing fine.

This concentration means Australian investors, even those holding supposedly diversified index funds, are heavily exposed to banking sector performance.

It's not good or bad necessarily, just something investors should understand clearly.

Mining and resources form another massive component. BHP Group ((BHP)), Rio Tinto ((RIO)), Fortescue ((FMG)), and numerous smaller miners mean commodity prices directly impact index performance.

Iron ore, copper, and coal prices influence Australian market returns more than most investors appreciate.

Sector Representation Tells Australia's Economic Story

Looking at the ASX200 list reveals what Australia's economy actually looks like rather than what we imagine it to be.

REITs (real estate investment trusts) occupy significant index weight, reflecting Australia's property-focused economy.

Charter Hall ((CHC)), Goodman Group ((GMG)), Scentre Group ((SCG)), and dozens more demonstrate how central real estate is to Australian wealth.

Healthcare shows strength through CSL ((CSL)), Cochlear ((COH)), ResMed ((RMD)), and Sonic Healthcare ((SHL)). These companies compete globally whilst maintaining ASX200 prominence.

Technology representation remains thin compared to US markets. WiseTech Global ((WTC)), Xero ((XRO)), TechnologyOne ((TNE)), and a handful of others represent tech, which has grown in importance over the decade past but this doesn't change the fact Australia's index still skews heavily toward traditional industries.

Retail names like Woolworths Group ((WOW)), Wesfarmers ((WES)), Coles Group ((COL)), and JB Hi-Fi ((JBH)) reflect domestic consumer spending patterns.

These aren't growth rockets but stable businesses generating consistent returns during normal economic conditions.

How Companies Join and Leave the Index

Quarterly rebalancing keeps the ASX200 list current. Companies don't maintain membership forever regardless of performance.

When market capitalisation falls below the threshold, companies get booted out. This happens more often than investors realise. Former darlings drop off whilst emerging businesses take their place.

The criteria seem straightforward: rank companies by market cap, take the top 200. Reality includes complexity around liquidity requirements, domicile rules, and index methodology that S&P Dow Jones Indices publishes in detail.

Promotion to the ASX200 often triggers share price increases. Why? Passive index funds might decide to buy the stock to match their benchmark. Suddenly, automatic buying pressure hits the stock regardless of fundamental business changes.

Conversely, deletion typically pressures share prices downward. Index funds sell automatically, creating selling pressure unrelated to business performance.

Why Index Membership Actually Matters

Institutional investors often restrict holdings to ASX200 companies. Fund mandates specifically limit investments to index members, meaning exclusion literally prevents entire categories of investors from buying shares.

This creates real consequences for companies near the inclusion boundary. Being number 201 instead of number 200 dramatically reduces the potential investor base, regardless of business quality or growth.

Liquidity improves for ASX200 members. More investors mean more trading volume, tighter spreads, and easier entry and exit for large positions. Institutional investors particularly value this liquidity.

Analyst coverage concentrates on index members. Media attention, research reports, and financial newsletter analysis focus predominantly on ASX200 stocks, leaving smaller companies outside of the index relatively ignored.

Different Sectors, Different Volatility Profiles

Mining stocks on the ASX200 list exhibit higher volatility than utilities or consumer staples. Understanding sector characteristics helps investors anticipate likely price movements.

Shares in resource companies like Fortescue, South32 ((S32)), and Mineral Resources ((MIN)) swing wildly with commodity prices. These aren't stable, predictable businesses but leveraged bets on global commodity demand.

Infrastructure businesses like Transurban ((TCL)), Atlas Arteria ((ALX)), and various utilities offer steadier performance with lower growth potential. Toll roads and power distribution don't deliver explosive returns, but provide reliable income.

Growth companies including Life360 ((360)), WiseTech Global, and TechnologyOne trade at premium valuations, reflecting expected future earnings rather than current profitability. These carry higher risk but potentially superior long-term returns.

[Financial services businesses] generate consistent profits during stable economic periods, but face severe challenges during financial crises. Bank exposure means understanding credit cycle dynamics.

The International Dimension Nobody Discusses

Many ASX200 companies earn most revenue internationally. CSL generates barely any Australian revenue (relatively speaking). James Hardie ((JHX)) focuses on US markets. ResMed serves global healthcare systems.

These businesses appear on Australian indices but don't represent Australian economic performance. Their share prices respond to international developments more than domestic conditions.

Conversely, companies like Woolworths and major banks depend heavily on Australian consumer and business conditions. These actually reflect local economic health.

This distinction matters enormously for portfolio construction. Buying "Australian" stocks doesn't automatically mean Australian economic exposure.

Tracking the ASX200 List Effectively

Monitoring index composition helps investors understand market dynamics better than tracking individual stock news constantly.

Resources like FNArena's ASX 200 page provide current listings with sector classifications, making it easy to see exactly what you're buying when investing in index funds or building portfolios around benchmark components.

Sector weightings shift over time, reflecting economic evolution. Tech might grow from current relatively small percentage to larger index influence. Mining weight fluctuates with commodity cycles.

Understanding these shifts helps investors anticipate index performance drivers and make informed allocation decisions.

The Active vs Passive Debate Revisited

Index investing means accepting whatever weightings the market-cap methodology produces. You're buying banking sector concentration whether you like banks or not.

Active managers argue they can improve returns by deviating from index weights, overweighting undervalued sectors whilst avoiding overpriced areas.

Evidence suggests most active managers fail to beat indices long-term after fees. But this doesn't mean index investing is perfect, just that beating the market consistently is extremely difficult.

Understanding the composition helps investors decide whether straight indexing matches their goals or whether targeted deviations make sense.

Small Caps vs Large Caps Within the Index

The ASX200 isn't homogeneous. Commonwealth Bank's market cap dwarfs companies ranked 180-200.

The smallest ASX200 members have more in common with ASX300 stocks than with index giants. Volatility, liquidity, and analyst coverage differ dramatically across the index range.

Investors buying ASX200 ETFs predominantly own the largest 50 companies due to market-cap weighting. The bottom 100 stocks barely impact returns despite representing half the index by company count.

This concentration isn't a flaw, but a mathematical reality of cap-weighted indexing.

Reading Stock Market News Through an Index Lens

Financial news constantly references ASX200 performance. "The market rose 1% today" usually means the index gained 1%.

This doesn't mean every stock rose. Index performance reflects a weighted average where big companies dominate.

On days when major miners and banks rally, the index can surge even if 120 companies actually fell. Conversely, broad selling can be masked if a few giants perform well.

This reality makes understanding index composition crucial for interpreting market commentary accurately.

Dividend Yields Across the Index

Australian companies traditionally pay higher dividends than international peers. This reputation holds true across much of the ASX200 list.

Banks, utilities, and REITs generate substantial income for investors. Technology and growth stocks typically pay minimal or zero dividends, retaining earnings for expansion.

Investors prioritising income naturally gravitate toward specific sectors within the index. Growth-focused investors select different areas.

Index funds capture the weighted average dividend yield, which sits higher than US equivalents, but lower than pure income portfolios.

Using the ASX200 as Your Investment Starting Point

Whether you're building a portfolio from scratch or evaluating existing holdings, the ASX200 provides a logical framework.

Not every investment needs to be an index member. Small caps offer different opportunities. International diversification reduces Australian market concentration.

But understanding what the 200 largest Australian companies do, which sectors they represent, and how they generate returns establishes essential market knowledge.

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RUDI'S VIEWS

Rudi's View: Focus On 2026

In Weekly Insights this week:

- **Wilsons' Pragmatic Outlook For 2026**
- **Australia, The Non-AI Refuge**
- **Post Sell-Off Opportunities**
- **AI Remains The Theme In 2026**
- **A Lame Duck USD**
- **Diversification Is King**
- **Bull Market To Broaden In 2026**
- **Are Cyclicals Next Year's Champions?**
- **Active Versus Passive**
- **FNArena Talks**

By Rudi Filapek-Vandyck, Editor

Expert forecasts for 2026 do not include a Nasdaq-alike meltdown for AI companies

Focus On 2026

As is custom for this time of the year, investment strategists are reviewing and refreshing their outlook and preferences for the calendar year ahead.

As 2026 approaches, key central themes include the AI megatrend and US exceptionalism, as well as USD weakness, central bank policies, a broadening of share markets' momentum and the position of the ASX inside a global asset allocation framework.

Below are some of the more interesting views and conclusions put forward (I hope).

Wilsons' Pragmatic Outlook For 2026

One of the more pragmatic views that entered the FNArena inbox this week was an updated Australian share market strategy report by **Wilsons Advisory**.

In it, the strategists simply conclude a 'correction' had become overdue as investor anxiety over elevated valuations collided with the RBA no longer cutting its cash rate.

Short-term, the problem of elevated valuations hasn't gone away, certainly not at the top end of US equities, but earnings growth is making a come-back locally, albeit very much dominated by resources, and the global economic outlook for next year (2026) continues to be positive.

Not to be dismissed also is that while the RBA is now officially on 'pause', other central banks, including the Federal Reserve, are still stimulating.

Wilsons' inference is equities' bull market remains poised to continue throughout 2026 and positive vibes globally will equally reflect well on the local market.

Wilsons' mildly positive view also assumes the RBA is nowhere near to start hiking rates again. Over time, two more rate cuts are still considered more likely.

The strategists' pragmatism shines through in the observation that, irrespective of notable weakness in November, Australian equities can still finish the year with a total return that once upon a time was considered 'normal'.

At Friday's close, the ASX200 including dividends had returned 6.38% year-to-date. A positive rally into the new calendar year has indeed the potential to pull this year's total return to the 15-year average of circa 8%.

One fact best not ignored is the strategists' overall Neutral stance on Aussie equities (inside global asset allocation context) is equally based on inhouse projections of a stronger AUD.

Without it, a more negative view would have been in place; i.e. the Australian market remains poised to underperform against global peers, but the stronger currency should reduce the relative under-performance for local investors.

Australia, The Non-AI Refuge

A better global environment is also at the centre of **UBS** strategists' projections for the year ahead, as are elevated valuations --expected to remain above historical averages for the time being-- and the continuation of the US-led AI and AI-infrastructure story.

Combining it all for the year ahead, UBS's fresh target of 8900 for the ASX200 by end-2026 implies a similar or slightly better performance, depending on what happens over the final weeks of calendar year 2025.

UBS is in particular positive about the earnings growth outlook for corporate Australia, expecting a year of 10%-plus growth lays ahead, carried by a strong rebound for the mining sector.

Consumer stocks and even the "much maligned" healthcare sector should also actively contribute to the earnings recovery (with margin increases the additional kicker).

Trading on an above-average PE ratio of circa 18.7x (forward-looking), UBS notes the long-run average for Australian equities is 16.4x, but the post-GFC average sits at 17.5x.

On this basis, the strategists are not that much worried about the high starting point, acknowledging the local market is not cheap, but rather "reasonably" valued.

With the technology sector only representing about 6% of the index in Australia, UBS sees the Australian market as offering protection if US markets were to keel over next year.

Contrary to Wilsons' strategists view, UBS sees Australia standing out amidst multiple uncertainties globally. The US economy is closely linked to AI investments and Chinese property markets remain in the doldrums with GDP growth expected to only grow modestly by 4.5% in 2026.

UBS's positive outlook for the Australian economy is based upon the view consumer spending is poised to improve on the lagging impact from RBA rate cuts already delivered in 2025. In the slipstream of the delayed stimulus, the Aussie dollar is projected to strengthen.

UBS strategists spend a number of paragraphs explaining this year's share market performance should not be seen as disappointing; rather it is more of a 'normal' return year when placed inside proper historical context.

Admittedly, posits the strategy update, the outlook for equities, both internationally and locally, remains tightly connected to what happens with AI. UBS thinks 2025 is likely the equivalent of 1998, i.e. there should be another up to two years left in that megatrend.

Here, the fact the ASX is less exposed to the theme should serve it well in case of a major meltdown (if it were to take place). A much more damaging risk off event would occur if it were related to economic growth. UBS notes such periods of stress have remained short-lived in recent years.

When it comes to AI in the US, **Citi** analysts recently concluded with the following:

"We definitely are of the view that AI is mostly a positive game changer as to long-term productivity trends.

"Ultimately, this should come with investor confidence in higher than otherwise earnings growth and valuations.

"However, we also have to recognize that as the investment is playing out and AI users implement company specific cases, there is bound to be a degree of uncertainty as to

"1) whether the investment is justified, and
2) where there may be a negative fallout aspect to those productivity enhancements.

"Thus, per recent price action, it seems pretty intuitive that many investors would look to lock in recent gains headed into year-end but should also be expected to re-engage early into next year."

Post Sell-Off Opportunities

Ord Minnett has used the rather sharp de-rating in ASX-listed Growth and High PE stocks to highlight opportunities among its **key technology sector ideas**:

- Car Group ((CAR))
- Energy One ((EOL))
- Hansen Technologies ((HSN))
- Life360 ((360))
- Qoria ((QOR))
- Xero ((XRO))

AI Remains The Theme In 2026

The global outlook for equities is now closely intertwined with AI and AI-infrastructure investments and enthusiasm and optimism about the megatrend remain high at **Morgan Stanley**.

But there's no denying the trajectory ahead might not be without its occasional potholes and roundabouts.

All in all, the house view for US equities in 2026 remains that returns should be solid, but the path towards those returns won't be smooth. US trade policy remains a source of uncertainty, as is the rivalry between the US and China.

The primary risk is for the AI capex boom failing to deliver substantial productivity gains in a timely manner, the strategists argue, as this would accelerate leverage faster than output, triggering credit concerns other markets would not ignore.

Morgan Stanley retains a positive view, but also acknowledges "vigilance is a 2026 responsibility". The advise for investors is to keep a close eye on leverage, on valuations, and on whether investments are translating into real output.

"If those indicators start flashing yellow, our recommendations will as well."

In the absence of such failure, Morgan Stanley's focus (and preference) remains firmly with US share markets, with risk assets seen as "primed for a strong 2026".

Where others might be contemplating relative outperformance through non-US equities, Morgan Stanley sees continued superior returns from US equities. And, indeed, successful AI-driven efficiency gains are an integral part of that view.

Were the US story to come unstuck, the suggestion is there will be little fun in hiding out elsewhere.

Morgan Stanley also favours Japanse equities, and Brazil and India among Emerging Markets, but not EMs as a group, and not Europe either.

Among commodities, the preference is with gold, and with copper and aluminium among industrial metals. The price of Brent is expected to remain anchored around US$60/bbl.

Among the observations made: much of AI and data center-related capex is still ahead.

Morgan Stanley's three high-conviction calls for the year ahead are:

- US equities outperform the rest of the world in 2026
- Bond markets' yield curves to steepen noticeably
- Spreads in investment grade corporate bonds will widen (to absorb more issuance related to spending on data centres)

In support of this broker's view on US equity, the US dollar is no longer seen as a drag on US assets, with the house view having turned 'neutral' on the currency on a twelve month horizon.

Over at **Federated Hermes**, the views on AI productivity gains are among the most positive around, leading to this asset manager increasing its 2026 price target for the S&P500 to 7,800 from 7,500.

Federated Hermes' outlook statements include predictions such as *"Across the world, companies of every stripe are incorporating the AI revolution into their work processes, likely unleashing a new era of productivity gains"*.

The Federal Reserve is expected to cut beyond the widely expected two more, US earnings margins should increase, earnings momentum is set to accelerate, with IPO activity and animal spirits among investors to heat up.

On a two-year outlook, Federated Hermes believes it is reasonable to expect the S&P500 to rise to 8600, implying an annual return in excess of 14% -- higher than the 12% achieved over the past 50 years.

The view is equally constructive for Emerging Markets.

A Lame Duck USD

Ongoing enthusiasm for 'US exceptionalism' at Morgan Stanley stands in sharp contrast with views at the likes of **DBS Group** which, coincidentally or otherwise, is headquartered in Singapore.

In its freshly released forecasts for 2026, DBS is toying with the idea the best could well be in the past for the US.

While the risk for economic recession in the US remains low, DBS sees plenty of other problems including a tight labour market, a challenging fiscal position, the Federal Reserve's independence at risk and the potential damage a sharp correction for US equity markets could inflict on the domestic economy.

The Federal Reserve is expected to deliver two more rate cuts, to 3.50%. The US dollar is described as a "lame duck", likely entering 2026 "politically wounded and cyclically tired".

In contrast, most Asian currencies are expected to stabilise in 2026, following lots of volatility this year. The world's de-dollarisation will continue. The situation in Europe is expected to stabilise.

Among the favourite investment themes are Chinese technology stocks, batteries, certain materials and financials.

DBS sees demand for key metals to slow down in 2026, but still prefers copper and aluminium second for exposure. Taiwan's fortune now relies on a sustaining of the AI supercycle.

Diversification Is King

Europe-based asset manager **Amundi** does not necessarily deny 2026 could well continue to print a positive story for risk assets, but its outlook prefers to zoom in on the many risks and uncertainties which, if materialised, could easily generate a very different outcome next year.

As such, Amundi's view is diversification remains the most effective defence in a world of concentrated equity markets and high valuations.

Investor portfolios are advised to rebalance across styles, sectors, sizes and regions to mitigate risks and capture opportunities, notably in Emerging Markets and European assets.

Amundi too expects the Fed to cut twice in the first half of 2026, to 3.25% and the USD to weaken, but warns: the journey will not be linear.

The ECB is forecast to ease beyond current market expectations, to 1.5% by mid-2026, and the BoE should bring down rates to 3.25%.

Asia is to remain the primary growth engine, despite moderating growth in China (4.4% and 4.2%) and India (6.3% and 6.5%).

Amundi favours exposure beyond the AI-race into the broadening tech theme --including power energy, computing, materials needed to overcome physical constrains that are building-- and a combination of defensive and cyclical themes.

In Europe, expectations are positive for Financials, Industrials, Defence and Green-transition sectors, as well as on small and mid-caps.

A negative view on the US dollar also underpins a positive skew towards Asia and Emerging Markets generally.

Bull Market To Broaden In 2026

T Rowe Price is among the most hawkish when it comes to the outlook for RBA policy, arguing persistently high inflation might well have killed off any prospect for more rate cuts.

The problem of higher than forecast inflation might raise its head yet again next year and thus the next change from the RBA could instead involve a rate hike.

The strategists concede that might be more of a 2027 narrative, suggesting Michele Bullock & Co might be sitting on their hands for the whole of 2026.

T Rowe Price has a rather balanced world view, with a preference for Emerging Markets due to high growth potential in combination with cheaper valuations.

In Australia, market leadership is anticipated to shift to resources (materials).

Globally, the AI trade is expected to broaden, and the same broadening is anticipated for equity markets' momentum generally.

Are Cyclicals Next Year's Champions?

The **Invesco**'s Strategy & Insights Team is firmly of the view the global economy is set to accelerate in 2026.

Add further Fed rate cuts and a weaker US dollar and it's not difficult to see why the market pendulum is forecast to decisively shift towards cyclical assets.

Among regions, favouritism has shifted towards Emerging Markets and Europe; US equities are now Underweight.

Invesco's strategy includes a maximum allocation to commodities, but doesn't include ongoing positive dynamics for gold (zero exposure).

Invesco's four key investment ideas:

- Chinese equities
- Japanese REITs
- Industrial commodities
- European bank loans

Active Versus Passive

Invesco's views and projections would receive a lot of agreement from authors responsible for the Key Themes For 2026 publication by **Goldman Sachs Asset Management** which, essentially, seeks risk mitigation and higher returns through active management in assets and markets that are cheaper priced and have been lagging the top end in the US.

Among the areas of focus are smaller cap companies that equally stand to benefit from ongoing investments in AI infrastructure (expected to remain strong).

A similar approach is being advocated by France-headquartered **BNP Paribas**, whose outlook report chooses "flexibility" and "selectivity" as the two key strategy words for 2026.

BNP Paribas' outlook also contains the following prediction: "Expect the Fed to cut US rates further over the next few years than the market currently anticipates", as well as: "Expect Europe to regain momentum, the US to face uncertainty, and China to focus on medium-term growth".

While the Chinese economy at large remains challenged, the greatest potential is seen with that country's technology sector.

US small cap stocks are not expected to sustainably outperform the S&P500, also because the AI megatrend's strong growth story is anticipated to continue, but BNP Paribas sees this segment as an opportunity to access US growth without expanding exposure to the tech sector.

Franklin Templeton's 2026 outlook strategy is equally on par with the idea of a broadening of investment returns beyond US markets and the AI megatrend theme.

Favoured suggestions include:

- Emerging Markets debt and equities
- European equities
- Smaller caps in the US

Equally important: Franklin Templeton emphasises US equities, including the technology sector, should continue to generate "solid" returns next year.

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See also:

https://fnarena.com/index.php/2025/11/20/rudis-view-banks-gold-lithium-us-equities/

Additional reading:

https://fnarena.com/index.php/2025/11/19/rudis-view-buffetts-parting-message/

https://fnarena.com/index.php/2025/11/13/rudis-view-antipa-computershare-iph-lynas-macquarie-rio-tinto-more/

https://fnarena.com/index.php/2025/11/06/rudis-view-amcor-charter-hall-challenger-goodman-woolworths-more/

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Video: Broker Moves from the week past: TechOne, Aussie Broadband & Lynas

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Model Portfolios, Best Buys & Conviction Calls

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Dividend Investing, The Smart Way 250(1)

Cover Investing in GenAi - medium sized

(This story was written on Monday, 24th November 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).

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RUDI'S VIEWS

Rudi's View: Un-Bubbling The AI Bubble Talk

Cool-headed expert voices are pushing back against the scaremongering narratives around irrational exuberance and AI excitement pushing equities into a bubble-like environment.

By Rudi Filapek-Vandyck, Editor

Have the relentless scaremongering and associated weakness in share prices of ASX-listed growth companies and AI-beneficiaries by now passed a turning point?

One thing we can report with certainty is those voices who remained loyal to the theme (turning themselves into 'contrarians') are starting to speak up. Judging from cautiously rising share prices, at least some inside the local investment community appear to be paying attention.

Strategists at **LGT Wealth** believe the Q3 US results season --yet again much stronger than forecast-- showcased all the ingredients to silence general anxiety about a potential repeat of the post-1999 Nasdaq meltdown.

Analysts at **Morgan Stanley** have been visiting clients, traveling half the globe in what must have been a grueling exercise, only to discover their stoic confidence in the AI revolution building was mostly met with scorn, doubt and lots of questions.

The one question most asked: is there an AI bubble brewing?

Morgan Stanley's response: if one defines a ' bubble' by lack of value creation underneath rising share prices, then the answer is categorically no, because there's a lot of value creation going on.

While fully acknowledging the key risk is for new development and further break-throughs to occur at slower pace than a sceptical and impatient investor community might require, Morgan Stanley's house view is for 2026 to become the year when AI starts delivering on its many promises.

Soon US companies will start reporting on efficiencies and margin increases achieved through successful AI implementation. At least, such is the anticipation, also supporting the view today's share prices are not exorbitantly high as more growth is waiting to be revealed.

The analysts are in particular excited about the pending arrival of agentic shopping assistants that will introduce shoppers to a whole new experience, with companies like Shopify preparing to take the lead on the next innovation poised to woo friend and foe.

JP Morgan Is equally confident

Echoes of Morgan Stanley's optimism (or is that 'confidence'?) are equally reflected in the latest strategy update by JP Morgan strategist Dubravko Lakos-Bujas.

The following quote summarises it nicely:

"Despite AI bubble and valuation concerns, we see current elevated multiples correctly anticipating above-trend earnings growth, an AI capex boom, rising shareholder payouts, and easier fiscal policy.

"More so, the earnings benefit tied to deregulation and broadening AI-related productivity gains remain underappreciated."

JP Morgan's 2026 year-end target for the S&P500 is 7500 (currently at 6812), underpinned by expectations for above-trend earnings growth of 13%-15% for "at least the next two years" alongside expectations of two more Federal Reserve rate cuts followed by an extended pause.

In defence of the premium valuations for AI stocks, Lakos-Bujas points out those companies offer stronger earnings visibility, higher pricing power, lower balance leverage, and a consistent track record of returning shareholder capital relative to their S&P470 peers trading at 19x.

Aussie Growth & Tech

Locally, stockbroker **Morgans** observes even after post mid-year share price weakness, the ASX-technology sector is still trading on a notable premium to its own average historical valuation (average forward-looking PE 40x versus 30x).

How to explain this?

Morgans' number crunching suggests the market is either pricing in two more rate cuts from the RBA (the in-house view has now shifted to two rate hikes instead) or investors are already looking forward to ongoing strong growth projections for FY27.

Assuming the latter, the broker finds most ASX-listed technology stocks seem fairly valued.

Morgans' key favourites in the space are: TechnologyOne ((TNE)) and Megaport ((MP1)).

Others carrying a Buy or Accumulate rating from this broker are WiseTech Global ((WTC)), Xero ((XRO)), Objective Corp ((OCL)), SiteMinder ((SDR)), and Catapult Sports ((CAT)).

Seek ((SEK)) and REA Group ((REA)) are preferred among classified players.

Oversold opportunities

Wilsons too has zoomed in on what has been, at times, quite the savage experience for shareholders in local growth and technology companies, as the sector in Australia performed noticeably worse than peers offshore and share market indices generally.

Wilsons conclusion is that attractive opportunities are now abound, for "patient capital willing to look through near-term volatility", with the sector seen as oversold.

The latest strategy update zooms in on two of Wilsons' favourites; TechnologyOne and Xero.

The former fully deserves to trade at a premium to its own history, the report argues, with management continuing to execute well and as the company's growth trajectory has been structurally improved, including through AI products to be launched next year.

With plenty of scepticism around regarding Xero's acquisition of loss-making Melio, Wilsons remains confident in management's ability to now compete more wholesomely with Intuit in the US marketplace, underpinning a healthy pace of growth for years to come.

For those who might have missed Ord Minnett's post-sell off key technology sector ideas in this week's Weekly Insights:

- Car Group ((CAR))
- Energy One ((EOL))
- Hansen Technologies ((HSN))
- Life360 ((360))
- Qoria ((QOR))
- Xero ((XRO))

Goes without saying, multiple stocks mentioned are equally included in my lists and selections on the dedicated section of the website to my research into **All-Weather stocks**:

https://fnarena.com/index.php/analysis-data/all-weather-stocks/

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SMALL CAPS

Nufarm's Growing Optimism

Nufarm posted a better than feared FY25 result, surprised by deciding to retain its Seeds business, and has optimistic growth targets for FY26.

- **Nufarm's FY25 was weak, but not as weak as feared**
- **Seed Technologies business to be retained and turned around**
- **De-gearing the balance sheet remains crucial**
- **CEO transition should not disrupt operational momentum**

By Greg Peel

Agricultural companies are forever beholden to the weather gods.

Crop protection and seed technologies company Nufarm's ((NUF)) FY25 result (September year-end) was weak. Seed Technologies posted a particularly poor performance due to low fish oil (Omega-3) prices.

Leverage at year-end was "far too high," in Morgans' opinion, at 2.7x. Yet the stock ran up 8% on release.

The result was weak, but earnings came in ahead of consensus and guidance. Fish oil prices have since rebounded. And while leverage was well above management's 1.5-2.0x target, it was lower than the 3.0x consensus had expected. There is now optimism building for FY26.

Nufarm "helps farmers and businesses meet the global challenges of food, feed, fibre and fuel production". The company's sales rose 2.9% in FY25, earnings fell -3.3% (a beat of consensus) and a loss of -$22.9m was reported due to material D&A and interest.

Crop Protection had a solid year. Asia-Pacific earnings rose 9.9%, North America rose 19.2% and Europe increased 21.5%. Crop Protection margins rose due to an improved cost of goods sold (COGS) position and a more favourable product mix.

On the downside, Seed Technologies earnings fell to $13.9m from $62.6m in the prior year due to materially lower fish oil prices, resulting in Omega-3 trading losses and a large write-down to inventory.

Nufarm also saw lower Carinata licensing revenue and increased investment, while drought in Australia also impacted canola seed sales. Corporate costs rose 26%.

Carinata is grown on existing farmland after main crop harvest and before next season's planting, when fields are typically bare and exposed to erosion and carbon loss, to help protect land, sequester carbon, regenerate soil, and improve conditions for the following main crop.

No Sale

The Sword of Damocles has been hanging over Nufarm's perennially poor performing Seed Technologies business for some time now, despite previously having been seen as a solid future earnings driver.

With fish oil prices wallowing, the market had long been expecting Nufarm to sell the business or simply shut it down. But Nufarm has now decided it will keep the business.

Retaining Seed Technologies takes away a potential near-term catalyst regarding value discovery and balance sheet de-gearing, Macquarie notes, but nor was the stock factoring this in.

It does mean not selling at the bottom, but also that third parties are not prepared to "pay up" for the business.

Citi was surprised by Nufarm's decision initially. However, the company appears to have taken appropriate measures to turn Seed Technologies around and specifically focus more on cost control and lowering capital requirements, particularly with respect to Emerging Platforms (such as biofuel and Omega-3).

Nufarm expects a $30m swing back from the FY25 Emerging Platforms earnings loss in FY26, but this is largely locked in with -$29m inventory write-down taken in FY25. Earnings risk for Omega-3 is likely to the upside especially if fish oil prices continue their upward trajectory, Citi notes.

The fish oil price in November has stepped up by some 30% versus September and 24% versus October. Citi forecasts Seed Technologies earnings to come in at $51m which effectively factors in Hybrid Seeds reverting back to FY24 earnings levels and -$23m earnings loss from Emerging Platforms.

Nufarm has reprioritised the strategy for Seed Technologies, with lower costs and capex requirements, a clear focus on growing its very profitable Hybrid Seeds business, expanding Bioenergy and reducing the cash costs of Omega-3.

Optimistic Outlook

Nufarm is expecting to deliver strong underlying earnings growth in FY26 assuming normal seasonal conditions and market pricing.

For Crop Protection, management expects underlying earnings growth. However, it will be less than the 18% growth achieved in FY25. Further improvement in gross profit margin is expected from selling higher-margin products.

For Seed Technologies, Nufarm expects underlying earnings growth from Hybrid Seeds, targeting a $30m improvement in Emerging Seeds versus a -$53m loss in FY25.

Nufarm has taken a conservative stance with its outlook commentary around Crop Protection, Citi notes. While it is hopeful of an uptick in pricing, the base case for earnings growth centres around improving volumes across every region.

Further to this, stabilisation of pricing should deliver a COGS benefit to Nufarm, Citi suggests.

The $30m earnings improvement in the Emerging Seeds businesses will be driven by the non-recurrence of -$29m FY25 Omega 3 inventory writedowns (spread over two years) and Carinata growth. BP Plc continues to be a strong supporter of Caranita, Macquarie notes.

Nufarm's Nuseed division has a 10-year strategic offtake and market-development agreement with BP for Nuseed Carinata oil, used as a low-carbon biofuel feedstock.

Omega 3 will take two to three years to be cash flow positive as not producing a crop this year and shift to lower cost LatAm production from the US will take time to deliver.

Nufarm sees a path back to the 2.0x gearing range in FY26, from 2.7x in FY25, as the company has passed peak capex (less than -$200m in FY26 or -$50m lower than FY25), less Omega-3 cash drag (not producing new crop in FY26 and selling out of existing inventory) and cost-outs targeting $50m in benefits.

First half FY26 net debt is expected to increase seasonally back to first half FY25 levels but with lower gearing, and then it's all about delivery in key second half period, Macquarie points out.

Upgrades

While there is a credible pathway, Macquarie insists Nufarm's gearing reduction targets need to be delivered as there has been slippage in the past, albeit mainly due to external factors.

The day’s stock price reaction reflected low expectations and a positive earnings outlook. Key from here for Macquarie is earnings delivery and all-important related balance sheet de-gearing. Macquarie retains a Neutral rating for now, lifting its target to $2.77 from $2.55.

While balance sheet risk lingers, Citi is encouraged by a more constructive growth trajectory and removal of the Seed Technologies overhang. The CEO transition should not disrupt this momentum, brokers agree, given the newly appointed CEO’s familiarity with Nufarm and the industry.

On that basis, Citi upgrades to Neutral from Sell with a target price increase to $2.55 from $2.35 on higher valuation multiples to reflect the better earnings growth outlook.

Nufarm, like its agri peers, has had a tough couple of years. Importantly for Morgans, with improved operating conditions, greater financial discipline and a reprioritised strategy for Seed Technologies, strong earnings growth looks set to be delivered over coming years.

Pricing tailwinds may provide further upside to management’s outlook. Strengthening the balance sheet is key priority, Morgans agrees, hopefully removing previous equity raising concerns.

With greater certainty over its strategic direction, following material share price weakness in 2025 and trading on undemanding fundamentals, Morgans upgrades to a Buy recommendation from Hold, with its target raised to $3.20 from $2.60.

Bell Potter retains its Buy rating, lifting its target to $3.60 from $3.55.

That leaves two Buy and two Hold or equivalent ratings from the four brokers monitored daily covering Nufarm. The average target has risen to $3.24 from $3.06 but you could drive a harvester through the middle of the range, from Citi’s $2.55 to Bell Potter’s $3.60.

Agricultural companies are forever beholden to the weather gods.

SMALL CAPS

Picking A Lane: Car Platform Carma's ASX Listing

- Used car enterprise Carma listed earlier this month, raising $100 million via its IPO
- Carma's platform seeks to deliver a smooth and elegant experience to used car traders
- Data suggest the used car sector is a buyer's market, but it has a complicated future

By Ed Kennedy

Used car enterprise Carma's ((CMA)) ASX listing occurred earlier this month, following its founding in 2021.

In listing, it travels down a road where the tremendous success of Car Group (owner of carsales.com.au) ((CAR)) can at once serve as a source of inspiration, and intimidation.

Just as the models of these respective businesses differ in various ways, the story of Car Group is indeed remarkable, but not one that should be seen as easy to replicate.

In turn, the pandemic's impact on the used car sector this decade, and the presence of other online giants from outside the auto world, affirm it's today a highly complex and congested space.

So, what's the state of the used car market in 2025?

And, what does Carma offer it?

The Australian Used Car Market in Context

In order to understand the environment Carma is entering as a listed business, it's essential to appreciate the dynamics that've driven the Australian used car market, especially in this decade.

The outbreak of the pandemic, and the subsequent delays in production and shipping of new cars to Australia, resulted in a significant squeeze on local supply for a time.

Demand for new cars certainly remained, but the sudden shortage of new supply generated a surge in demand for used cars.

2023 brought news that the worst of the pandemic had passed. The World Health Organisation declared in May of that year that it no longer represented a "global health emergency".

But, the return to racing form of the global car industry wasn't an overnight event.

Akin to how some prior infectees spoke of 'long covid' following the illness, so too was there a lingering effect of the pandemic felt across the auto world.

Even as conditions globally became more favourable for new car production, the headaches caused to consumers by inflation during and after the pandemic also continued to play a role.

Then, there has been the semiconductor chip shortage.

It's played a significant role this decade in slowing the roll of new cars off the assembly line.

It's also indeed generated new headaches again here in 2025.

In sum, by many measures the wheels have spun well for the used car sector in the 2020s.

Yet, this year has also seen growing expectations of change across the landscape.

July brought data which showed conditions shifting to be more favourable for buyers.

Used vehicles listed for sale were up over 30% year-to-date to June 2025, compared with the same period in 2024, according to the Australian Automotive Dealer Association and AutoGrab's mid-2025 Automotive Insights Report.

Looking Under the Hood

Carma's co-founders are Lachlan MacGregor, CEO and Executive Director, and Yosuke Hall, CCO and Executive Director.

Lachlan has previously served as a director in the investment banking division of UBS and in private equity at Oceania Capital, alongside having spent time in senior investment roles at Platinum Asset Management and Alphinity Global.

Yosuke's first role was an analyst with Goldman Sachs JBWere, thereafter he joined Zanui.

Commencing as a business development manager and thereafter switching to head of operations, Yosuke ultimately became CEO of the online retailer, holding the position for seven years between 2013 and 2020.

In total, approximately 25.9m new shares were to be issued via Carma's IPO, alongside the sale of 11.1m existing shares by SaleCo. SaleCo is "a special purpose vehicle, established to acquire Existing Shares from Selling Shareholders and to sell them to Successful Applicants under the Offer".

136.7m was listed as the total number of shares on issue on the offer's completion. $369m was listed as Carma's market cap at the offer price, and $300m as the enterprise value at the offer price.

The prospectus notes Tiger Global and General Catalyst are along for the ride as significant shareholders, with the former having a 26.8% holding and the latter a 4.3% holding, upon completion of the offer.

Carma has indicated the proceeds from the IPO will be put towards the expansion of inventory.

The business has sold over 6,000 retail cars since its founding in 2021.

In turn, the funds raised will also go to its working capital, its cash reserves, and to further grow the Carma brand in the marketplace, among other goals.

Kicking the Tyres on Carma

The aspiration to provide a streamlined and seamless experience for users sees Carma place a premium upon emphasising trust in its product, and flexibility in the post-purchase stage.

This section's focus hereafter is on the pitch the B2C space is seeing from Carma.

Yet, it's important to note at the outset that Carma also has a wholesale lane for dealer-only auctions.

This serves as an additional sector for revenue, and gives the business an avenue to sell stock it deems unsuited for its B2C holdings.

Carma moves into its new chapter with numerous accolades already under its belt.

Furthermore, alongside awards from Power Retail and ORIAS (among others), as the Carma site details,

"Our rigorous inspection, reconditioning, and quality assurance processes make us the preferred used car dealership of the NRMA."

Additionally, its pitch to customers that they've "7 days to drive and decide", that there's a 3-month warranty, and the vehicles are "Quality assured. Verified by a team of experts" all seek to drive home to consumers that Carma's sales have support structures to aid peace of mind.

These "Quality assured" and "team of experts" dynamics speak to a particular aspect of Carma that sees it operate in a different lane to some of the more well-known online used car sales sites.

Carma is indeed a site where users can buy and sell their vehicles.

But, it's not one where a buyer and seller will be directly dealing with each other.

A would-be seller deals directly with Carma when looking to transact. The same goes for buyers.

To some potential purchasers, this model may be a turn off.

A real gearhead 'treasure hunting' for a terrific, but undervalued car may feel Carma isn't for them.

In the same vein, the fact that there isn't any scope for haggling could also be displeasing.

Carma makes the case that their 'haggle-free' model "makes things fair for everyone".

Also, just as Carma holds its team does daily market reviews to ensure its autos are competitively priced, they say they have been "scrupulously selected and reconditioned to ensure they're the best quality possible".

This will surely appeal to 'non-gearheads' in the used car market.

As aforementioned, Carma has a 7-day period post-purchase to "drive and decide".

But it's not possible to have a test drive of a Carma auto before purchase.

Thus, strictly speaking, you can't 'try before you buy'.

Again, for those consumers who find the roar of an engine as pleasing as the sounds of an orchestra, this might not be music to their ears.

Yet, for browsers who could find it difficult to tee up a time for a test drive - e.g. tertiary students who have class in the day and work evenings, parents of young children, and so on - the Carma model of 'get it, and give it back if you don't like it', could feel heaven-sent.

Will Customers Choosing the Freeway Take a Toll?

Sites like carsales and Carma are an astounding marketplace for auto buyers and sellers.

Their speed, efficiency, and range make the old model of newspaper listings look totally ancient.

But, today's leaders of the pack are also not without vulnerabilities to new competitors.

The carsales site pre-dates Facebook's launch in 2004.

But, it wasn't until 2016 (though an earlier desktop-only version arose in 2007) that the latter launched Facebook Marketplace.

Like carsales, some fees can accompany a Marketplace listing of certain goods (and boosting the visibility of them via ads).

Yet, that a 'one-off' Marketplace buyer or seller can connect, meet in person, and finalise a transaction without any fees going to Marketplace has proved enticing to buyers and sellers alike.

Facebook Marketplace and sites like Gumtree won't offer the same 'one-stop shop' uniformity in searching for a vehicle that a dedicated used car site will.

But, Meta (Facebook's parent company) has --like Google and other tech titans-- a vast apps ecosystem with a huge reach.

Notwithstanding its controversies and its critics, it's indisputable Meta has made an astounding success of its 'free to use social media' model with Facebook users over the past twenty years.

There are many parallels with Google's YouTube and other apps in its suite.

Any used car site charging fees must be wary of a competitor in hot pursuit of their market share.

And if Meta turned its attention to pushing hard for more market share in this area, or another tech titan decided to enter the classifieds arena, the potential for a 'freemium' model to really make waves in the local online used (car) market space is immense.

Yes, such a move may seem unlikely, but the market can shift in decisive and dramatic ways, and sometimes only be fully appreciated with the benefit of hindsight.

After all, Blockbuster once passed on a chance to buy Netflix.

Old Cars and Young Australians

The changing nature of home and vehicle ownership also looms as factors for the used car sector.

While it's beyond an urgent or immense consideration, it's indeed an ever-growing consideration.

Many major cities across Australia continue to see ongoing growth in (new) outer suburbs where living further out comes with an easier ability to purchase property.

These are commonly called 'car-dependent' suburbs, and it can be expected that higher rates of car ownership will be seen alongside higher rates of home ownership in these communities.

Though a resident of an outer-suburb may feel car ownership is non-negotiable, an inner-city resident could feel it's far more optional.

There is no disputing that there is also a decisive trend towards higher density among established suburbs being seen across many major Australian cities.

While numerous Australian cities certainly have the scope to continue to expand the reach of their outer suburbs, the behaviour of residents in this century won't be the same as the one prior.

In previous generations, many Australians were prepared to move further out from their city's CBD, for the promise of home ownership, while still remaining relatively close to the CBD.

Furthermore, such a relocation often still meant being in reach of pre-existing public transport links, and other amenities.

Given the speed and scale of growth seen in Australia during this century, it's different now. For many young Australians the raw maths simply don't add up to being able to buy a home.

Yes, some may simply not be inclined to live further afield, even if it enabled buying a home.

Yet, there are many who feel --due to the necessity of close proximity to the CBD or inner city for their work-- that it simply isn't logistically possible to live further out and retain their living.

These factors and others will see greater density in our cities in the years ahead.

In time, we can expect this to result in fewer cars. This means less used cars trading hands.

The rise of ridesharing apps, carsharing apps, and even the popular uptake of electric scooters and electric bikes which have ‘filled a gap’ between the push bike and motorcycle, also play a part.

An Electric Issue: The Growth of EVs

It’s beyond the focus of this article to unpack in-depth the story of EVs in this era.

Yet, it’s certainly a consideration in play that is important to touch on.

According to sales data from the Australian Automobile Association released earlier this month, EVs accounted for almost 10% of new sales in the quarter to September, with the market share of internal combustion engine (ICE) vehicles also diminishing to under 70% for the first time.

Though it varies by model, there is evidence that suggests EVs show greater mechanical reliability than ICE vehicles.

This greater reliability is informed by EVs having fewer moving mechanical parts.

It should be noted, the debate around the reliability of EVs vs ICE continues. Yet, the relative infancy of the mass production EV era should also be noted.

It means, while ongoing improvement across the whole auto world is continually pursued, there remains significant potential for further enhancement of EV reliability.

More EVs, with more reliability, sets the scene for more new cars staying in the hands of owners longer.

The same would apply to used cars.

That’s good news for auto owners.

It’s bad news for traders who’d depend on turnover.

Keeping Eyes on What’s Ahead

Factors like increasing urban density and the uptake of EVs are important considerations.

Yet, they certainly don’t mean used car sites couldn’t enjoy terrific success in the years ahead.

The aforementioned are complex trends with many variables, and are not ‘one way traffic’.

But, given the many indicators of a big scale and scope for change, they shouldn’t be discounted.

It’d be audacious --if not foolish-- to be certain about a best or worst-case scenario in this dynamic.

Yet, what is safe to say is that the factors which could significantly alter old certainties around private car ownership in Australia are many, and many are already in motion.

Getting Mileage out of a Listing

Among the first to use ASIC’s fast-track IPO process, upon arriving on the ASX, Carma’s first day was surely not what the business would’ve hoped for.

In the first hour of trading, its stock dropped around -10%, going from an opening ask of $2.70 down to $2.43 later that morning. In the week following, it had been on offer for $2.40.

Even if Carma didn’t roar off the line with its listing, the internals of its operation are sure to intrigue many in the time ahead.

With its full-stack digital platform, $100m raised via its IPO, and a capacity to provide a smooth and elegant experience in the used car market, there are promising foundations on which it can build further.

In turn, just as the Car Group has been a leading success in Australia, Carvana in the U.S. has found success and acclaim since their establishment in 2012, with their now-iconic car ‘vending machines’ (first launched in 2015) and a similar offering of a 7-day test period post-purchase.

The many variables that arise across different decades, nations, and markets affirm a repeat of success by one used car platform after another should never be presumed.

Yet, the Carvana story shows a new used car business can carve out its own unique and compelling place in the market.

Now, it’s for Carma to get the miles up as it navigates through traffic as a newly-listed business.

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

SMALL CAPS

Sweeping Downgrades Hit Accent Group

Weak demand for lifestyle footwear has led to a shock downgrade from Accent Group. Across-the-board downgrades have followed.

-Accent Group's AGM update included material earnings guidance downgrade
-Weakness in dominant footwear category ongoing
-Sports Direct offers upside, longer term
-Near term, brokers slash targets and downgrade ratings

By Greg Peel

Footware represents some 60% of annual sales for retailer Accent Group

New Zealand-founded Accent Group's ((AX1)) comprehensive range of brands gives the business a significant presence in the footwear category in Australia and New Zealand.

Morgans points out several of its retail banners are owned by Accent itself (Platypus, Hype, Nude Lucy, Stylerunner) and those ultimately owned by third parties (The Athlete's Foot, Skechers, Vans) are operated by Accent under long-term distribution agreements.

While footwear represents some 60% exposure for the company, including familiar brands such as Timberland, Doc Martens and Ugg, fashion and fashion accessories are also represented, as is, importantly, Sport.

At its AGM, Accent provided a trading update for the first 20 weeks of FY26 along with downgraded guidance.

Total group-owned sales (including wholesale) were up 3.7%, with retail like-for-like sales down -0.4%. October LFL sales were up 0.4%, implying sales significantly weakened through late August and September from the 0.8% gain in the first seven weeks of FY26, Morgans notes.

This is against a consistent comparable of 3.5% growth in the prior year.

This year's growth is much softer than consensus had expected, driven by continued challenging retail conditions and ongoing elevated levels of promotional activity.

Accent noted sports-related categories continue to perform well, but lifestyle footwear sales have been soft.

On the bright side, wholesale sales are ahead of the prior year and the forward pipeline remains strong into the second half.

A Bit Stale?

Management flagged lifestyle footwear sales have been soft and below expectations. In contrast, the sports category continued to perform well, particularly in running and performance.

Petra Capital notes lifestyle footwear has higher discretionary characteristics and hence ongoing challenging retail conditions, including a savvy promotionally-driven consumer, are impacting.

Upon reflection, Petra believes the improvement in the first seven weeks of FY26 was more driven by a temporary stimulus boost (interest rate cut) that aligned with EOFY promotions, rather than a sustained product-driven turnaround.

The lifestyle category continues to misfire and drag. As a more discretionary category, the promotional backdrop is impacting. That said, Petra believes the more central issue is the lack of new product that stimulates demand at full price points, coupled with competitive pressures.

This leads to the need to run deeper promotions to clear product.

As at the end of October, Accent's FY26 year to date gross margin was down -160 basis points on the same period in FY25, driven by ongoing elevated promotional activity.

Sporting Chance

In April, Accent announced it will bring one of the leading sporting goods retailing businesses globally, Sports Direct, to Australian and New Zealand consumers.

Accent has entered a long-term strategic relationship with London-listed Frasers Group plc, a global retailer of sports, premium and luxury brands, to launch and operate the Sports Direct retail business in Australia and New Zealand.

Accent Group's website boasts:

"Sports Direct Australia is the go-to destination for the world's leading sports brands, alongside our own exclusive labels built to deliver quality and performance at great value.

"Whether you're chasing fitness goals, supporting your team, or gearing up for game day, we bring you the gear, expertise, and inspiration to champion the legend in everybody."

Accent's FY26 guidance included no intention to open any new non-sports stores (on top of some 420), rather to concentrate on Sports Direct stores, in partnership with Frasers.

The first Sports Direct store opened in Victoria on November 15 and a further three are planned by the end of FY26. The target is to reach 50 stores over the next six years.

Bell Potter sees good longer-term catalysts around Accent's pivot into the more resilient Sports category with the first Sports Direct store successfully opened.

Bell Potter anticipates the unlocking of a sizable store roll-out opportunity for the banner in Australia, while benefiting from a higher relevance to leading brand partners such as Nike backed by Frasers.

But in the Near Term…

Accent Group's downgraded earnings guidance is -23% below prior consensus at the midpoint.

The profit warning has triggered a wholesale slashing of earnings forecasts by brokers in the -20-30% range.

While the upside offered by Sports Direct is acknowledged, brokers do not see a near-term solution to weakness in footwear.

Jarden sees Accent as an increasingly complicated business that is not seeing its portfolio of brands yielding the benefits of scale and diversification. This is combined with significant execution risk and rising competition in lifestyle.

Jarden nevertheless believes Sports Direct represents a material opportunity, de-risked in part by the Frasers partnership.

The expected recovery in the lifestyle category has not yet occurred, Morgan Stanley notes, and headwinds remain. Recovery timing is uncertain, and risk is skewed to the downside.

To turn more constructive, Morgan Stanley requires evidence of a recovery in lifestyle category footwear and gross profit margin stability. The Sports Direct store rollout offers long term upside, and the broker's base case assumes success, but near-terms earnings support is minimal.

FY26 guidance assumes an improvement in sales and margins in the second half, which seems difficult to bank on, in Citi's view.

There's some evidence of greenshoots with October LFL sales improving to a 0.4% gain, but Citi doesn't think the market is going to place any weight on this given the magnitude of the earnings downgrades, combined with November (Black Friday, Cyber Monday) and December (Christmas) being more material trading months.

The AGM update signals worsening retail trends and margin pressure, Morgan Stanley notes. FY26 earnings guidance was cut sharply, recovery timing is uncertain, and risk is skewed to the downside.

Sweeping Downgrades

UBS points out Accent's share price was already down -57% in 2025 to date ahead of the AGM, while the ASX Small Ordinaries was up 14%. This did not stop all five brokers monitored daily by FNArena covering Accent Group downgrading their ratings.

Citi, Bell Potter, UBS and Morgans all downgraded to Hold from Buy or equivalents. Morgan Stanley downgraded to equivalent Sell from Hold (Underweight from Equal-weight).

Slashed earnings forecasts were accompanied by slashed target prices. The consensus target between the five is now $1.07, down from $1.76.

Petra Capital has also downgraded to Hold from Buy, cutting its target to $1.08 from $1.65.

Jarden has retained its existing Neutral rating, albeit with a negative bias. Jarden's target moved to $1.20 from $1.46.

SMALL CAPS

LGI: ASX’s Most Compelling Decarbonisation Play

New research shows a strong growth outlook for renewable energy business LGI which provides exposure to the decarbonisation theme.

-Morgans nominates LGI for ASX exposure to decarbonisation theme
-Revenues from biogas output, pricing of electricity, LGCs, and ACCUs
-Capital raise to accelerate high-priority projects
-Analysts see upside risks to consensus earnings

By Mark Woodruff

LGI's biogas electricity generation is dispatchable, enabling management to control production as required

Australian renewable energy business LGI Ltd ((LGI)) is considered well placed to benefit from multi-decade megatrends spanning the energy transition, tightening emissions regulation, and rising demand for sustainable power solutions.

The company is highlighted as **one of the most effective ways to gain exposure to the decarbonisation thematic on the ASX** by broker Morgans.

Founded in 2009, as Landfill Gas Industries Pty Ltd, LGI is now an established leader in the recovery of biogas from landfill, and subsequent conversion into renewable electricity and saleable environmental products.

Unlike weather-dependent wind and solar, the company’s generation is dispatchable, enabling management to control production as required.

LGI operates 25 landfill gas (LFG) sites in Australia, comprising eight biogas power stations and 17 carbon credit (flaring) sites that combust methane, a potent greenhouse gas, to carbon dioxide (CO_2) and generate Australian Carbon Credit Units (ACCUs).

Note: Methane's impact is roughly 25 times greater than CO2 over a 100-year timeframe.

On a further nine sites, LGI operates biogas flares on behalf of local councils, without owning the full project economics.

The company commissioned its first power station in 2012 and has steadily expanded the portfolio since then, both in power and flaring-only projects.

Growth opportunities are abound, including expanding power generation capacity, battery energy storage systems (BESS), and biogas infrastructure at contracted sites, along with identifying project developments and partnerships to expand the network of landfill project sites and synergistic technologies.

LGI has previously forged strategic partnerships with government agencies and industry players and secured long-term contracts.

Pricing and volume play

New research by Ord Minnett predicts electricity prices will remain elevated for the foreseeable future, having increased by around 90% since FY22 in both New South Wales and Queensland, as intermittent renewable generation has displaced baseload coal-fired generation.

Bell Potter describes LGI as both **a volume and pricing story**, with revenue driven by biogas output and the pricing of electricity, large scale generation certificates (LGCs), and ACCUs.

The integration of Diesel-Avoidance and Curtailment Solutions (DACS) and batteries across LGI sites enables the company to realise prices around 77% above average the Australian Energy Market Operator (AEMO) levels, materially enhancing revenue growth.

Over time, management has rolled-out new biogas extraction and flaring systems at sites in Somerset (Esk), Clarence Valley (Grafton), and Snowy Valleys (Tumut), as well as upgrades at Gympie and Toowoomba in Queensland.

Each new site contract not only generates immediate carbon credit and service revenue, but often paves the way for future power generation projects (as landfills produce more gas over time).

In a key selling point, LGI has been leveraging its battery-integrated generation model (pioneered at its Bunya site in QLD) to win business. The company demonstrates to partners that coupling batteries with landfill gas engines can raise the value of electricity sold.

For example, in FY25 at the Bunya site a 0.6MW generator paired with a 1MW/2MWh battery achieved prices 70% above market prices by timing battery discharges at peak rates.

By growing carbon credit production and expanding its generation fleet with batteries, management at LGI can grow earnings organically by 120% by FY30, forecasts Ord Minnett.

The analyst believes ACCU prices will rise 16% to $44/tCO2 by FY30, driven by increased purchasing from large emitters seeking to meet legislated reduction targets under the Safeguard Mechanism.

Each ACCU represents one tonne of CO2-equivalent emissions avoided or removed.

ACCUs are issued by the Australian government and can be sold to companies needing to meet emissions-reduction obligations, including those covered by the Safeguard Mechanism, a federal policy designed to limit emissions from the country's largest industrial facilities.

Should a facility emit above its baseline, it must either reduce its emissions, or buy ACCUs, or purchase Safeguard Mechanism Credits (SMCs) from other facilities that emit below their baseline.

LGI produced 109,000 MWh of renewable electricity across its fleet in FY25, representing 13% annual growth. Generator uptime remained at 98% availability, exceeding the company's 95% target.

At the time, Canaccord Genuity estimated electricity pricing at around $121/MWh, -13% lower year-on-year, but still a notably strong result.

Management delivered record biogas, power, and ACCUs with the Belrose 12MW battery anchoring the contracted pipeline lift to 56 MW from 47MW.

Canaccord notes ongoing price volatility in Queensland and NSW, two core markets for LGI.

As the spread between high and low electricity prices widens, the economics of batteries improves, given their ability to charge during low or negative solar-driven midday prices and discharge into peak-price periods.

October capital raise

Demand for a capital raise last month launched in late-October was "overwhelming," according to management. A $51.2m institutional placement and a $5m Share Purchase Plan for existing shareholders raised funds at $3.85 per share.

Proceeds will support the acceleration of high-priority projects and strengthen balance sheet flexibility.

In particular, the development of the Nowra project will be brought forward with management now expecting commissioning to commence in FY27. Canaccord had previously assumed FY29 for this asset.

The key update to LGI's 56MW base plan, suggests the broker, was clarifying the 11MW previously labelled "other projects," now identified as 3MW of generation at Nowra and 8MW of batteries.

Management noted the new capital will also fast-track expansions at Mugga Lane and at the Belrose site in NSW, while also initiating the next wave of power station and battery developments in its pipeline.

Bell Potter now expects this scheduled pipeline to translate into significant earnings growth for LGI through FY26 and beyond.

With the balance sheet now strengthened, Morgans also expects **meaningful operating leverage** across the portfolio as management accelerates its battery rollout at both new and existing sites.

This broker also flags several risks, including volatility in electricity, LGC and ACCU prices, higher-than-expected capital investment, execution on growth projects, and potential changes to regulatory or tax settings.

Recent history

Over the past 18 months, several new projects were commissioned including the Eastern Creek 4MW Power Station, the Mugga Lane Expansion, and Regional Project Commissioning, which brought several smaller-scale projects online to extend LGI's carbon abatement reach.

Historically focused on Queensland, the company has expanded into New South Wales and the ACT, capturing opportunities in major population centres. The Eastern Creek and Belrose projects firmly plant LGI in the Sydney region, while the Mugga Lane partnership extends its footprint in the ACT.

In addition to new sites, LGI has expanded capacity at existing facilities. Notably, the Canberra power station was upgraded by 2 MW in FY25, boosting its output. Combined with Eastern Creek's 4 MW coming online, LGI's total generation capacity reached around 21.1 MW as of June 30, 2025, a 43% increase from 14.7 MW a year prior .

A cornerstone partnership was the agreement with Bingo Industries in 2024 to develop the Eastern Creek project. This 15-year landfill gas management contract allows LGI to install, own, and operate the 4MW power plant on Bingo's flagship landfill.

Another major strategic move was LGI's entrance into grid-scale battery storage through a partnership with the New South Wales government's Waste Asset Management Corporation (WAMC). In August 2025, a long-term contract was announced with WAMC to develop a 12 MW/24 MWh BESS at the Belrose closed landfill site.

Providing a hedge against power price volatility for its generation portfolio, LGI will build, own, and operate the battery for an initial 15-year term (with options to extend), re-purposing the former landfill into a state-of-the-art energy storage facility.

The project is subject to regulatory and grid-connection approvals, but upon satisfaction of these conditions management expects to begin construction, targeting installation and commissioning by early 2027.

Shaw and Partners can see strategic optionality, noting Belrose sits within a broader NSW government landfill portfolio, positioning LGI favourably for future landfill-gas tenders despite the current contract being battery-only.

At the time of FY25 results in August, this broker anticipated rolling upgrades to MW capacity from investing in existing sites and winning new sites as they come to market.

As of mid-2025, management's near-term project pipeline was raised to 56 MW of capacity (generation and storage), up from 47 MW outlined in April 2024.

This pipeline includes both approved and in-development projects that, when executed, will roughly triple LGI's installed generation capacity (which stood at circa 21 MW in mid-2025.

Management estimates there are over 200 landfills in Australia potentially suitable for its technology, providing ample room for continued expansion.

Outlook

Back in August, Shaw and Partners could see upside risks to consensus earnings from electricity price realisation post battery deployment and metropolitan tender wins.

Beginning with an Accumulate rating this month, Ord Minnett highlights LGI's strong growth outlook, lower operational risk profile, de-risked balance sheet and solid ESG credentials.

This broker adds LGI shares still offer reasonable value at 0.9x price-to-net-asset-value (P/NAV).

There are four daily monitored brokers in the FNArena database conducting research on LGI with an average target price of $4.78, implying 15.2% upside to the $4.15 closing price on November 24.

Shaw and Partners and Bell Potter have Buy ratings while Ord Minnett (in new coverage this month) and Morgans are at Accumulate, midway between Buy and Hold.

Outside of daily coverage, Canaccord Genuity (Buy) yesterday raised its target to $4.80 from $4.30 after the analysts revised forecasts to incorporate the strongly backed equity issuance, the earlier-than-planned project rollout, and the launch of a fresh growth phase.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 21-11-25

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 November 17 to Friday November 21, 2025
Total Upgrades: 14
Total Downgrades: 4
Net Ratings Breakdown: Buy 61.66%; Hold 30.28%; Sell 8.06%

For the week ending Friday, November 21, 2025, FNArena tracked fourteen ratings upgrades and four downgrades for ASX-listed companies from brokers monitored daily.

Nufarm, which operates in the agriculture chemicals/crop-protection space, received two rating upgrades from Morgans and Citi and heads up the positive change to average earnings forecast table below.

FY25 results and an upbeat outlook by management resulted in a 'beat' as detailed in the FNArena Corporate Results Monitor at https://fnarena.com/index.php/2025/11/21/fnarena-corporate-results-monitor-21-11-2025/

Material earnings growth and a reduction in leverage are expected for FY26.

New Zealand-based infrastructure investor and operator Infratil is next on the week's table for positive change to earnings forecasts after new research by Citi contained higher forecasts than the three existing daily monitored brokers in the FNArena database.

Data centres and renewables make up more than 80% of Infratil's assets, accompanied by additional stable cash flow from airports, telecommunications, and healthcare assets.

The analysts noted the company's current discount to reported net asset value of greater than -30% is significantly larger than the historical average of -14%, suggesting an attractive entry point for investors.

Strong near-term growth should stem from CDC Data Centres (CDC) and Longroad Energy (owner and operator of renewable assets including solar, wind, storage) with further upside given CDC's valuation sits more than -15% below Australian data-centre peers.

Next up is Chalice Mining, best known for its discovery and development of critical minerals projects in Western Australia. This company's average earnings forecast was boosted by higher gold price forecasts by UBS.

The broker's global strategy team remains bullish on the gold theme, forecasting a peak of US$4,725/oz (previously US$3,900/oz) in the first half of 2026. Sector estimates across 2026-28 were raised by 34%, 32%, and 33%, respectively, pushing up target prices by between 5-15% for gold companies.

Bellevue Gold, Vault Minerals, and Perseus Mining also appear with Chalice in the positive earnings table below, helping overall average earnings forecasts rises to exceed falls for the week.

Gold remains under-owned, according to the broker, and structural demand from private and official sectors keeps price risks skewed to the upside amid geopolitical tensions and de-dollarisation.

As covered in the Monitor, average FY26 earnings forecasts for Elders increased by nearly 37% following 'in-line' FY25 results, with the first six weeks of trading in the new fiscal year up 30% as the drought impacts moderate in the southern states.

Elsewhere, Morgans noted ASX energy stocks have outperformed commodities in 2025, but momentum is fading, with softer Brent expectations plus rising domestic gas policy risk partly priced in.

The sector remains growth-heavy with weaker free cash flow metrics than global majors, noted the analyst, leading to a cautious short-term sector stance.

Morgans names Woodside Energy as its preferred large-cap ASX exposure given resilient operations, a well-advanced project pipeline and limited policy-risk headwinds. This broker's higher forecasts help lifting the average estimate in the database by circa 11%.

On the flipside, Catapult Sports heads up the table for the largest fall in average earnings forecast after interim results exceeded consensus forecasts, but share-based payments and a higher D&A expense from recent acquisitions weighed.

While factors around Catapult's interim are explained in the Monitor, negative trading updates by HMC Capital, Bubs Australia, New Hope, and Acrow are not.

Following an AGM update, Macquarie lowered its operating EPS forecasts for HMC Capital on more conservative management fee assumptions and a slower growth profile, yet the broker could see the outlook improving.

FY26 pre-tax operating EPS guidance of at least 40c was reaffirmed and several strategic uncertainties are beginning to ease, explained the analyst.

The shares are viewed as undervalued relative to their fund-management potential, even under the broker's conservative growth assumptions.

Progress on Healthscope, data-centre initiatives, US asset sell-downs and third-party capital partnerships is seen as key to rebuilding investor confidence.

Macquarie estimates HMC could deliver 150% upside if the asset manager re-rates to peers at 20x active earnings.

Ord Minnett described the Bubs Australia AGM as largely uneventful, with the strategy update pushed to February and FDA permanent-access approval to sell its infant-formula products in the United States still pending.

Management guided to FY26 revenue growth of about 25% and a tenfold increase in underlying earnings, which fell short of the broker's expectations. As a result, the analyst cut FY26-FY28 earnings forecasts by -10%, -8% and -9%, respectively.

New Hope's quarterly underlying earnings missed Bell Potter's forecast as cost inflation at the Bengalla open-cut thermal coal mine in NSW overshadowed firmer prices and solid production. Prices rose 4% on the quarter and saleable tonnes were marginally ahead.

FY26 guidance implied to the broker flat volumes, with costs at Bengalla and New Acland's (flagship thermal-coal operation in QLD) rail disruption weighing on margins. The broker trimmed its EPS by -38%, -15% and -4%, respectively, across FY26-FY28.

In an AGM trading update, provider of smart integrated construction systems Acrow pointed to strong industrial access activity but ongoing weakness in general formwork due to Queensland project delays.

Shaw and Partners suggested the medium-term outlook remains very positive, with major infrastructure cycles in Queensland, South Australia, and further opportunities across VIC, NSW and WA.

Xero's average earnings forecast also fell for reasons detailed in both the Monitor and at https://fnarena.com/index.php/2025/11/18/sceptics-want-xero-to-prove-melios-added-value/

Last week, average target price falls generally matched rises.

Gentrack Group fared worst with a -24% fall in average target after Morgan Stanley and Bell Potter reviewed forecasts prior to FY25 results due out today.

Morgan Stanley highlighted strong momentum in the group’s next-generation G2 utility software platform, supported by several material contract wins.

Conversely, the analysts flag risks from elevated customer churn, delays in the Genesis rollout and tighter commercial terms that could restrict consulting-revenue leverage.

Bell Potter also cautioned the company’s growth outlook relies heavily on securing transformation projects and converting front-book revenue into recurring streams.

A lack of positive utility-project momentum in an increasingly competitive market was highlighted.

On that point, Morgan Stanley noted rising competitive pressure from Kraken in Australia, with retailers adopting the platform despite higher costs and integration complexity.

Catapult Sports is next (for reasons explained previously) followed by TechnologyOne.

The latter reported mostly record metrics in its FY25 result, but the market reacted negatively to a perceived slowing in recurring revenue and ongoing global turbulence in the technology space. See also update to be published later today on the company.

Turning to rises in average targets, here Amplitude Energy led the way courtesy of an 11-for-1 share consolidation.

Integrated energy company Viva Energy and emerging copper–gold developer and explorer FireFly Metals are next with rises in average targets of 12% each.

Macquarie raised its refining-margin expectations for the fourth quarter of 2025 and all of 2026 for Viva Energy, anticipating tight supply over the next 6-8 months, which should support quicker de-gearing.

Higher Geelong refiner margin assumptions underpinned the broker’s EPS upgrades of 17% for FY25 and 33% for FY26.

It’s noted Viva’s catalytic cracker returned in mid-October and Geelong should be fully optimised from mid-November, enabling the asset to run at full capacity and maximise margin capture.

Macquarie raised its target for Viva to $3.20 from $2.00 and upgraded to Outperform from Neutral.

Management at FireFly Metals updated the market on its Green Bay resource, with total tonnage up by 35% and contained copper increasing 43%. Total resources for Green Bay are estimated at 79.7mt at 1.77% copper, with 60% of contained copper in the higher confidence measure.

As a result, Macquarie raised its forecasts for mining inventory at FireFly by 81% and suggested the project is a compelling copper development opportunity and could become globally significant, attracting corporate appeal.

Total Buy ratings in the database comprise 61.66% of the total, versus 30.28% on Neutral/Hold, while Sell ratings account for the remaining 8.06%.

Upgrade

AMPOL LIMITED ((ALD)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 4/0/0

Macquarie lifted refining margin forecasts for 4Q2025 and 2026 on expected tightness over the next 6-8 months, though still expects to be below spot levels. The broker reckons this will aid faster de-gearing post-M&A for Ampol and Viva Energy.

The broker's forecast for LRM (Lytton Refiner Margin) in 2H25 is US$13.35/bbl and for 1H26 is US$14.34/bbl. Improved refining conditions led to a 4% upgrade to Ampol's FY25 EPS forecast and a 10% to FY26.

The broker highlights the company recently noted LRM rose to US$13.78/bbl in Oct from US$12.85/bbl in September, with a further increase in November.

Target rises to $36 from $32. Rating upgraded to Outperform from Neutral.

CHARTER HALL GROUP ((CHC)) Upgrade to Neutral from Underperform by Macquarie .B/H/S: 2/2/1

At the AGM, Charter Hall upgraded FY26 OEPS guidance by 5.5%, implying 17% growth. Stronger transaction volumes are seen boosting earnings across Property Investment, Development Investment and Funds Management, Macquarie highlights.

The broker notes Charter Hall remains highly leveraged to the property cycle recovery, reflected in stronger FY26 momentum so far. This is reflected in $3.0bn net equity flows, accelerating transaction volumes, and real estate FUM up 4% since FY25.

The broker is drawn to Charter Hall's 13% 3-year OEPS compounded annual growth rate and potential for further upgrades. However, valuation is seen as demanding on a bottom-up basis without leaning on relative metrics like price-earnings growth.

FY26 OEPS forecast increased by 6.3% and FY27 by 4.8%. Rating upgraded to Neutral from Outperform, and target rises to $23.83 from $19.01.

JAMES HARDIE INDUSTRIES PLC ((JHX)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 4/2/0

James Hardie Industries is the highest quality building products business on ASX, Morgans asserts, upgrading the stock to Buy from Accumulate.

Market conditions are more stable and inventory levels have normalised. Hence the company's upgrade of full-year guidance, with FY26 adjusted EBITDA increasing 11% to US$1.20-1.25bn.

The broker found the outlook incrementally more positive than previously anticipated and envisages upside from both earnings and an undemanding P/E ratio. Target is reduced to $35.50 from $38.50.

LYNAS RARE EARTHS LIMITED ((LYC)) Upgrade to Buy from Neutral by UBS .B/H/S: 2/1/3

Post a visit to Lynas Rare Earths' Advanced Materials Plant (LAMP) facility in Malaysia, UBS returned with a more upbeat view on the company's position in the country and the value chain.

The broker is also appreciative of the long-standing domestic workforce and has developed an understanding of a very complex field.

The analyst is also more positive on the Malaysian heavy rare earths expansion, underpinned by a scarcity of supply globally. The elongated construction time has pushed out the earnings impacts.

UBS estimates an incremental revenue impact of around $700m, or circa 27% of additional revenue in FY27. EPS forecasts lifted by 10% for FY27 and 37% for FY28.

The stock is upgraded to Buy from Neutral with a lift in target price to $17.80 from $15.10.

NUFARM LIMITED ((NUF)) Upgrade to Buy from Hold by Morgans and Upgrade to Neutral from Sell by Citi .B/H/S: 2/4/0

The FY25 result from Nufarm may have been weak, albeit slightly above guidance, yet Morgans found the outlook upbeat. Material earnings growth and a reduction in leverage is expected by FY26 and the broker upgrades forecasts.

The seed technologies strategy has also been prioritised and there is now certainty regarding its future.

Pricing tailwinds may provide further upside and a strengthening of the balance sheet should remove previous equity raising concerns, the broker adds.

Rating is upgraded to Buy from Hold and the target raised to $3.20 from $2.60.

Along with an improved outlook on Nufarm following FY25 results, Citi sees upside risks to Omega-3 earnings, easing balance-sheet risks and believes the CEO transition is unlikely to disrupt this positive momentum.

Rating upgraded to Neutral from Sell. Target rises to $2.55 from $2.35.

Summary of Citi's comments post-results and conference call follow:

After the conference call, Citi has an improved outlook on Nufarm. Among the highlights are supportive Crop Protection conditions, margin gains in Omega-3, reduced supplier-finance use, stable fish-oil assumptions, and lower, more focused FY26 R&D.

On first take, the broker pointed to an earnings beat with a positive outlook statement, which it expects would support the shares.

Underlying earnings (EBITDA) of $302.5m were better than expected and within guidance, while margins beat at 8.8% despite more elevated corporate costs versus expectations. Crop protection in North America, Asia and Europe assisted.

Omega-3 and Carinata, the emerging platforms, generated a loss of -$53m at the EBITDA level and net interest expense was above expectations by 10-14%. Net free cash flow was negative -$131m, with Nufarm seeking to generate positive free cash flow in FY26.

PRO MEDICUS LIMITED ((PME)) Upgrade to Accumulate from Hold by Morgans .B/H/S: 4/2/0

Morgans believes Pro Medicus' share price weakness reflects a broader rotation away from high-growth names rather than company-specific issues.

At the current level, the stock offers an attractive entry point despite potential ongoing volatility, in the broker's view.

Rating upgraded to Accumulate from Hold. Target unchanged at $290.

STOCKLAND ((SGP)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 3/2/0

Ord Minnett has reviewed its modelling for Stockland to refine the longer-term contribution from the logistics, data centre and build-to-sell joint ventures.

The company has formed a partnership with John Boyd Properties, which contributed the land as its equity share, to develop a logistics hub at the former Kogarah golf course, Sydney.

In data centres, Stockland plans a joint venture with Swedish EdgeConneX to develop and operate centres in Australia. In Sydney, Stockland will construct 1500 units comprising of 900 social housing and 600 affordable homes in partnership with Homes NSW and local indigenous authorities.

Subsequent to the review, Ord Minnett raises free funds estimates by 10% from FY30, making slight reductions for the short term. Rating is upgraded to Accumulate from Hold and the target lifted to $6.50 from $5.80.

SKS TECHNOLOGIES GROUP LIMITED ((SKS)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 1/0/0

Morgans raises its target for SKS Technologies to $4.25 from $3.80 and upgrades to Buy from Accumulate. A strong outlook is anticipated following upgraded FY26 guidance, a $130m Victorian data-centre award and the acquisition of Delta Elcom.

Delta Elcom adds NSW exposure, notes the broker, where market size exceeds Victoria and offers meaningful contract opportunities.

Revenue is now expected to reach $320m, with PBT of $28.8m reflecting margin expansion as the business scales, explains the analyst.

Work in hand has risen to around $304m, with significant FY27 visibility, according to Morgans, and a large data-centre tender pipeline.

SOLVAR LIMITED ((SVR)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 1/1/0

Solvar's strategy to concentrate on higher quality lending and growth in commercial was in focus again at its AGM 1Q26 trading update, according to Morgans.

Australian interest income over the period slipped -3.9% y/y due to weaker lending growth and the revenue mix. The Australian gross loan book finished the quarter at around $838.3m, basically flat on June FY25 year-end and down -4.8% q/q.

The refinancing of Money3's debt facility is expected to generate cost savings and improve diversification for the group, the analyst highlights. Management's FY26 guidance is net profit after tax growth of 5.9% y/y.

Morgans lowers its loan book forecasts by around -6% in FY26, with a more modest assumed lift in lending activity, but raises the FY27 and FY28 EPS forecast by 6%.

Rating upgraded to Buy from Accumulate. No change in $1.85 target price.

TECHNOLOGY ONE LIMITED ((TNE)) Upgrade to Buy from Hold by Shaw and Partners and Upgrade to Accumulate from Hold by Morgans.B/H/S: 4/3/0

TechnologyOne delivered a solid FY25 result, according to Shaw and Partners, with revenue and cash earnings slightly ahead of forecasts, despite annual recurring revenue (ARR) missing the broker's estimate by -1%.

Key metrics such as net revenue retention (NRR) of 115% and churn of -1.2% were within target ranges but lacked the acceleration the market was hoping for, explains the broker.

Strong UK ARR growth of 49% is considered a major highlight, reinforcing the company's product strength and medium-term expansion potential.

The analysts point out gross free cash flow (FCF) growth of 55% and a $320m cash balance support ongoing investment and capital returns.

Shaw lifts its target to $37.30 from $36.30 and upgrades to Buy from Hold.

The FY25 result from TechnologyOne was largely in line and Morgans asserts the negative share price reaction appears to be driven by softer-than-expected rates of return.

The main risk is a transition from consulting to recurring revenue/SaaS and the short-term drag on profitability, the broker observes, although given the company's history this appears unlikely to materialise.

Traction within the UK business continues to accelerate with management indicating the business is now benefiting from new customers and a move further upstream to larger local government and university business.

The broker upgrades to Accumulate from Hold and reduces the target to $34.50 from $43.50.

VIVA ENERGY GROUP LIMITED ((VEA)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 3/1/0

Macquarie lifted refining margin forecasts for 4Q2025 and 2026 on expected tightness over the next 6-8 months, though still expects to be below spot levels. The broker reckons this will aid faster de-gearing post-M&A for Ampol and Viva Energy.

The broker's forecast for GRM (Geelong Refiner Margin) in 2H25 is US$13.87/bbl and for 1H26 is US$13/bbl. Improved refining conditions led to a 17% upgrade to Viva Energy's FY25 EPS forecast and a 33% to FY26.

The broker notes Viva's cat cracker returned in mid-Oct, and with Geelong likely fully optimised from mid-Nov after ULSG commissioning, full run-rate capability is likely. This positions the company well to capture margins.

Target rises to $3.20 from $2.00. Rating upgraded to Outperform from Neutral.

WESFARMERS LIMITED ((WES)) Upgrade to Hold from Lighten by Ord Minnett .B/H/S: 0/5/0

Ord Minnett revised its model for Wesfarmers after sharp increases in its lithium price forecasts based on stronger EV and ESS battery demand.

The outcome is an increase in the valuation of the company's 50% stake in Covalent Lithium to $1.9bn from $1.7bn, with FY26 JV EBIT losses now expected to be about half previous estimates.

The broker's EBIT forecasts for the Chemical, Energy and Fertiliser division (WESCEF) increases 18.4% for FY26 and 77.3% for FY27, lifting group EPS by 1.6% for FY26 and 8.1% for FY27.

Target rises to $78 from $77. Rating upgraded to Hold from Lighten, following share price fall in the last month.

Downgrade

AUSSIE BROADBAND LIMITED ((ABB)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 4/1/0

Macquarie downgrades Aussie Broadband to Neutral from Outperform in the wake of Telstra's ((TLS)) revamping of its NBN plans. The latter is offering internet-only plans that are broadly equivalent in price to Optus, albeit at a higher price point than Aussie Broadband.

Macquarie does not consider this a structural headwind, although price as a lever for subscriber growth will get harder.

The broker reduces the target for Aussie Broadband to $5.10 from $6.35 to reflect downward revisions in FY26 and FY27 EPS estimates of -3% and -7%, respectively. This reflects reduced growth in the residential business because of the increased competitiveness of Telstra's pricing.

GENTRACK GROUP LIMITED ((GTK)) Downgrade to Equal-weight from Overweight by Morgan Stanley .B/H/S: 2/2/0

Morgan Stanley lowers its target for Gentrack Group to $7.70 from $13.50 and downgrades to Equal-weight from Overweight. Industry View: In-Line.

A widening range of outcomes is contemplated for the group ahead of FY25 results amid softer visibility and competitive headwinds.

The broker highlights strong traction for the group's next-generation utility software platform G2 and material contract wins.

On the flipside, the analysts suggest caution is warranted given customer churn, delayed Genesis implementation, and tighter commercial terms that may reduce consulting revenue leverage.

It's also noted competition from Kraken in Australia has intensified, with retailers adopting the platform despite higher cost and integration challenges.

KAROON ENERGY LIMITED ((KAR)) Downgrade to Hold from Buy by Morgans .B/H/S: 2/3/0

Morgans notes ASX energy stocks have outperformed commodities in 2025, but momentum is fading, with softer Brent expectations plus rising domestic gas policy risk partly priced in.

The broker reckons the sector remains growth-heavy with weaker free cash flow metrics than global majors, leading to a cautious short-term sector stance.

In the case of Karoon Energy, the broker lifted year-end Bauna production run-rates, assumed earlier Neon capex and start-up timing, and higher opex from a longer FPSO handover.

FY25 underlying net profit forecast trimmed by -5% and FY26 by -8%. Target $1.80, and rating downgraded to Hold from Buy.

STEADFAST GROUP LIMITED ((SDF)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 3/2/0

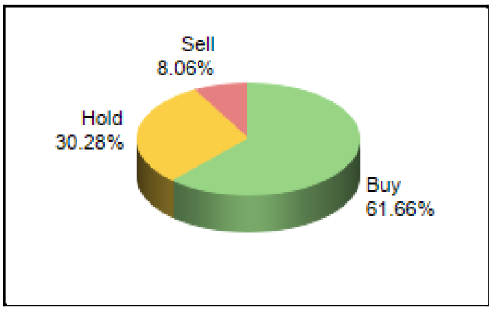
Macquarie downgrades Steadfast Group to Neutral from Outperform as commission rates are falling faster and the premium rate cycle is easing.

The broker now forecasts weakness in the premium rate cycle will last longer than the next 12 months and put pressure on the company's ability to "hub" its insurance brokers.

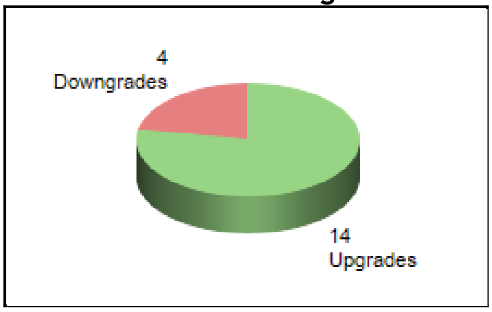
Macquarie's market analysis indicates an accelerating pace of commission rate cuts and, although home and personal motor products are generally not profitable for brokers, remains concerned about customer retention for business packages.

Target is reduced to $4.90 from $7.00.

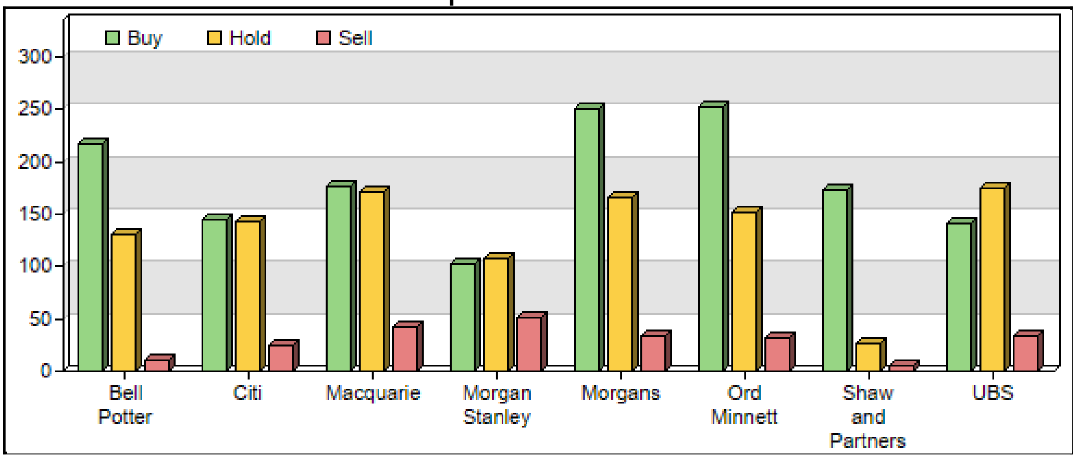
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	AMPOL LIMITED	Buy	Neutral	Macquarie
2	CHARTER HALL GROUP	Neutral	Sell	Macquarie
3	JAMES HARDIE INDUSTRIES PLC	Buy	Buy	Morgans
4	LYNAS RARE EARTHS LIMITED	Buy	Neutral	UBS
5	NUFARM LIMITED	Buy	Neutral	Morgans
6	NUFARM LIMITED	Neutral	Sell	Citi
7	PRO MEDICUS LIMITED	Buy	Neutral	Morgans
8	SKS TECHNOLOGIES GROUP LIMITED	Buy	Buy	Morgans
9	SOLVAR LIMITED	Buy	Buy	Morgans
10	STOCKLAND	Buy	Neutral	Ord Minnett
11	TECHNOLOGY ONE LIMITED	Buy	Neutral	Morgans
12	TECHNOLOGY ONE LIMITED	Buy	Neutral	Shaw and Partners
13	VIVA ENERGY GROUP LIMITED	Buy	Neutral	Macquarie
14	WESFARMERS LIMITED	Neutral	Sell	Ord Minnett
Downgrade				
15	AUSSIE BROADBAND LIMITED	Neutral	Buy	Macquarie
16	GENTRACK GROUP LIMITED	Neutral	Buy	Morgan Stanley
17	KAROON ENERGY LIMITED	Neutral	Buy	Morgans
18	STEADFAST GROUP LIMITED	Neutral	Buy	Macquarie

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	AEL	AMPLITUDE ENERGY LIMITED	3.605	0.313	1051.76%	4
2	VEA	VIVA ENERGY GROUP LIMITED	2.795	2.495	12.02%	4
3	FFM	FIREFLY METALS LIMITED	1.867	1.667	12.00%	3
4	ALQ	ALS LIMITED	24.258	22.293	8.81%	6
5	HUB	HUB24 LIMITED	115.971	108.243	7.14%	7
6	NUF	NUFARM LIMITED	3.237	3.058	5.85%	6
7	CHC	CHARTER HALL GROUP	23.512	22.324	5.32%	5
8	NWL	NETWEALTH GROUP LIMITED	34.033	32.547	4.57%	7
9	A2M	A2 MILK COMPANY LIMITED	9.508	9.165	3.74%	7
10	VAU	VAULT MINERALS LIMITED	0.950	0.917	3.60%	3

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	GTK	GENTRACK GROUP LIMITED	9.767	12.833	-23.89%	4
2	CAT	CATAPULT SPORTS LIMITED	6.567	7.967	-17.57%	3
3	TNE	TECHNOLOGY ONE LIMITED	34.826	38.423	-9.36%	7
4	PMT	PMET RESOURCES INC	0.690	0.750	-8.00%	5
5	SDF	STEADFAST GROUP LIMITED	6.188	6.608	-6.36%	5
6	GYG	GUZMAN Y GOMEZ LIMITED	28.490	30.350	-6.13%	5
7	ABB	AUSSIE BROADBAND LIMITED	6.008	6.258	-3.99%	5
8	OML	OOH!MEDIA LIMITED	1.750	1.817	-3.69%	3
9	ACF	ACROW LIMITED	1.263	1.307	-3.37%	3
10	JHX	JAMES HARDIE INDUSTRIES PLC	36.150	37.350	-3.21%	6

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	NUF	NUFARM LIMITED	13.300	-0.020	66600.00%	6
2	IFT	INFRATIL LIMITED	25.492	8.127	213.67%	4

3	CHN	CHALICE MINING LIMITED	-1.500	-4.500	66.67%	3
4	ELD	ELDERS LIMITED	59.775	43.725	36.71%	4
5	BGL	BELLEVUE GOLD LIMITED	12.400	9.900	25.25%	3
6	VAU	VAULT MINERALS LIMITED	5.867	4.867	20.55%	3
7	TNE	TECHNOLOGY ONE LIMITED	48.643	42.183	15.31%	7
8	PRU	PERSEUS MINING LIMITED	46.679	42.007	11.12%	4
9	WDS	WOODSIDE ENERGY GROUP LIMITED	196.356	177.359	10.71%	6
10	JHX	JAMES HARDIE INDUSTRIES PLC	161.788	148.334	9.07%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	CAT	CATAPULT SPORTS LIMITED	-7.993	-3.270	-144.43%	3
2	HMC	HMC CAPITAL LIMITED	12.560	31.520	-60.15%	6
3	BUB	BUBS AUSTRALIA LIMITED	0.167	0.367	-54.50%	3
4	NHC	NEW HOPE CORPORATION LIMITED	25.850	32.775	-21.13%	4
5	ACF	ACROW LIMITED	10.267	11.633	-11.74%	3
6	XRO	XERO LIMITED	137.550	152.076	-9.55%	6
7	FFM	FIREFLY METALS LIMITED	-3.100	-2.900	-6.90%	3
8	LLC	LENDLEASE GROUP	31.375	32.867	-4.54%	5
9	CGF	CHALLENGER LIMITED	62.117	64.150	-3.17%	7
10	GTK	GENTRACK GROUP LIMITED	12.210	12.557	-2.76%	4

Technical limitations

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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WEEKLY REPORTS

Uranium Week: Geo-Politics & Japan's Restart

Conflicting reports on US/Russia sanctions saw spot prices retreat on hopes of a Ukraine/Russia peace deal.

- **US Russia sanctions risk fades, U308 spot retreats to US$75.60/lb**
- **Term contracting continues, utilities advance multi year U308 tenders**
- **Nuclear momentum builds in Japan and the UK as ASX shorts stay elevated**

By Danielle Ecuyer

Spot market activity ticks over on price weakness

Casting an eye back to a year ago, geopolitical issues figured in November 2024 “with the Russian government announcing restrictions on enriched uranium sales to the US in retaliation to US importation restrictions announced earlier in 2024.

"Notably, a shipment failed to leave the Port of St Petersburg for the US due to a lack of documentation and export licence. Expectations are for the cargo to be reloaded onto another vessel for delivery to the US later this year.”

For more details, see https://fnarena.com/index.php/2024/12/03/uranium-week-gen-ai-small-modular-reactors/

With a new administration in office under President Trump, the political landscape between the US and Russia has taken a slightly different hue as exemplified over the week past.

Early in the week, Senator Lindsay Graham was afforded the go ahead to progress legislation that would increase pressure on Russia to bring the war in Ukraine to an end by imposing the most robust sanctions to date.

The legislation would have facilitated President Trump to place secondary sanctions on parties buying oil and gas from Russia which may have unintended consequences on the nuclear fuel market.

As highlighted by industry consultants TradeTech, the proposition of energy sanctions against Russia saw sellers step back from the U308 spot price market on Tuesday and Wednesday following four buyers acquiring 350klbs in four deals at the start of the week with three transactions at US$76/lb and one 50klb transaction of U308 at US$76.25/lb.

Towards the end of the week, sentiment had shifted post the US Administration's proposed Ukraine-Russia peace plan.

Sellers moved back into the spot market and were forced to lower prices as some uncertainty lifted around U308 supply concerns from what seemed to be --now-- unlikely sanctions.

One transaction for delivery of 50klbs of U308 in December at Cameco’s Canadian facility was concluded at US$75.75/lb. Another transaction concluded for 50klbs for delivery at Orano’s facility in France at US$75.75/lb for a total of seven transactions.

A further 100klb delivery in January 2026 at Cameco’s facility was conducted at the end of the week at US$75.50/lb.

TradeTech’s spot price indicator declined -US$1.30/lb to US$75.60/lb, a fall of -8.4% in November and down -2.5% from a year ago.

In the term market, one US utility selected a preferred supplier for delivery of 2mlbs of U308 over a five year period starting in 2029.

Offers were also due on November 13 to a US utility seeking up to 500klbs for delivery beginning in 2030. Offers are due November 26 for a non-US utility seeking an equivalent 3mlbs of U308 between 2026 and 2029.

Another US utility continues to evaluate offers on a request for around 2.5mlbs U308 with first delivery starting 2027. One non-US utility remains in discussion with possible sellers for around 900klbs U308 to be delivered between 2027 and 2036.

TradeTech's Medium-term spot price indicator stands at US$87/lb and Long-term price indicator at US$86/lb.

Japan and the UK progress nuclear energy plans

In nuclear related news, Japan approved the restart of the world's largest nuclear power plant, Kashiwazaki-Kariwa, more than a decade after its closure post the Fukushima disaster.

It remains the world's largest nuclear power plant with potential output of nearly 8k MW.

Japan's nuclear power capacity stood at nearly 30% of the country's energy mix prior to Fukushima and fell to nearly zero after the meltdown disaster.

Some 14 out of 54 reactors have been restarted.

Turning to the UK, a government taskforce has finalised plans to accelerate and lower the cost of rolling out a new generation of nuclear reactors.

Head of the taskforce and former head of the Office of Fair Trading said in the final report "Our solutions are radical, but necessary. By simplifying regulation, we can maintain or enhance safety standards while finally delivering nuclear capacity safely, quickly, and affordably."

The aim is to develop a single commission for nuclear generation and change both environmental and planning regulations to deliver projects more quickly.

Short interests largely unchanged

As at November 17, the latest available short interest data obtained from ASIC show Boss Energy ((BOE)) remains the most shorted stock on the ASX with a barely changed position of 21.55% from 21.44% a week earlier.

Paladin Energy ((PDN)) remains in fourth position at 12% shorted, largely unchanged from the prior week at 11.97%.

For more reading on U308 at FNArena, see:

https://fnarena.com/index.php/2025/11/18/uranium-week-risk-off-rules/

https://fnarena.com/index.php/2025/11/11/uranium-week-biggest-spot-fall-since-march/

https://fnarena.com/index.php/2025/10/28/uranium-week-projecting-us150-lb-post-2026/

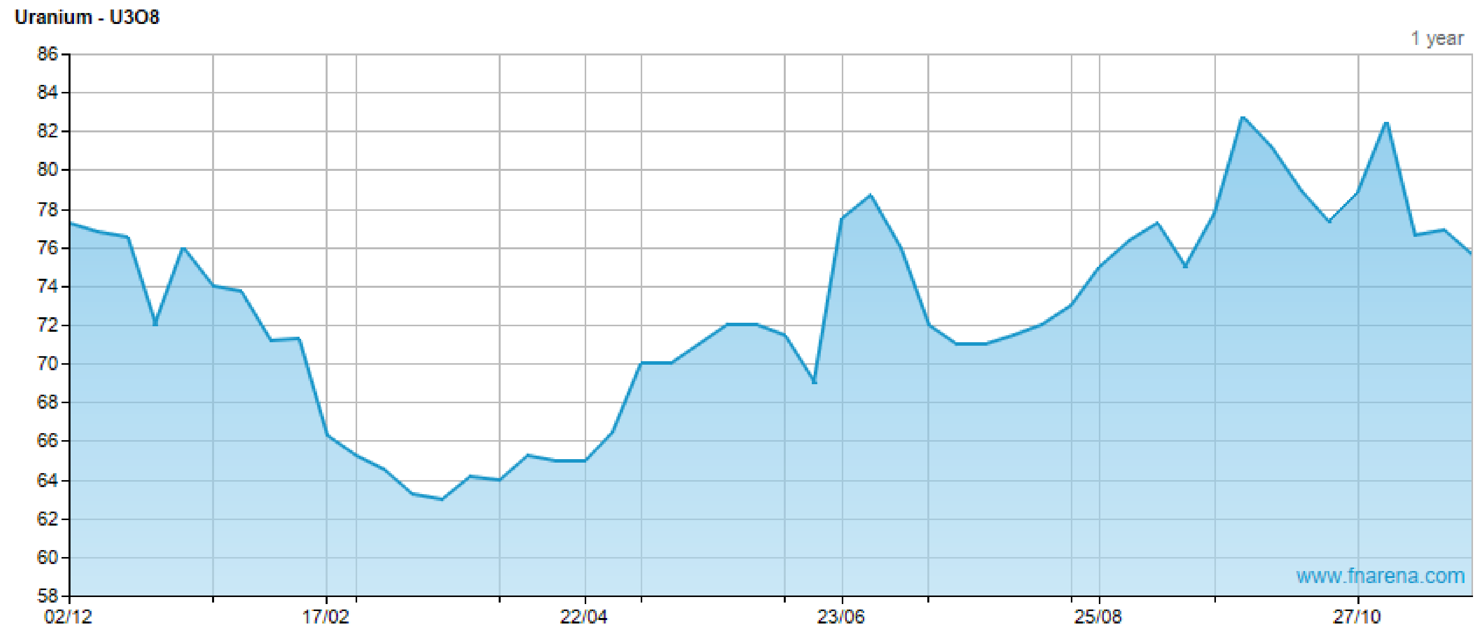
https://fnarena.com/index.php/2025/10/21/uranium-week-jpmorgans-us1-5trn-plan/

https://fnarena.com/index.php/2025/10/14/uranium-week-price-frenzy-fades/

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	21/11/2025	0.1000	0.00%	$0.12	$0.03			
AEE	21/11/2025	0.1700	▼-10.26%	$0.28	$0.10			
AGE	21/11/2025	0.0200	▼-12.00%	$0.04	$0.02		$0.070	▲250.0%

AKN	21/11/2025	0.0100	0.00%	$0.01	$0.01			
ASN	21/11/2025	0.0800	▼-24.76%	$0.13	$0.04			
BKY	21/11/2025	0.5000	▼- 3.85%	$0.70	$0.31			
BMN	21/11/2025	2.7800	▼-10.29%	$4.07	$1.76		$5.100	▲83.5%
BOE	21/11/2025	1.5200	▼- 7.60%	$4.75	$1.51	8.1	$2.279	▲49.9%
BSN	21/11/2025	0.0500	▼- 3.77%	$0.08	$0.01			
C29	21/11/2025	0.0300	▼-24.00%	$0.11	$0.01			
CXO	21/11/2025	0.2100	▼- 2.22%	$0.27	$0.06		$0.230	▲9.5%
CXU	21/11/2025	0.0200	0.00%	$0.03	$0.01			
DEV	21/11/2025	0.1600	▲16.67%	$0.18	$0.07			
DYL	21/11/2025	1.5900	▼- 4.88%	$2.49	$0.75	-320.0	$1.930	▲21.4%
EL8	21/11/2025	0.2500	▼- 7.41%	$0.50	$0.19			
ERA	21/11/2025	0.0030	▲50.00%	$0.00	$0.00			
GLA	21/11/2025	0.0100	0.00%	$0.05	$0.01			
GUE	21/11/2025	0.0600	0.00%	$0.09	$0.05			
HAR	21/11/2025	0.1400	▼- 6.25%	$0.25	$0.04			
I88	21/11/2025	0.2300	▼- 3.70%	$0.76	$0.08			
KOB	21/11/2025	0.0700	0.00%	$0.11	$0.03			
LAM	21/11/2025	0.6600	▼- 8.33%	$0.88	$0.55			
LOT	21/11/2025	0.1600	▼- 6.06%	$0.26	$0.13		$0.337	▲110.4%
MEU	21/11/2025	0.0700	▲ 7.35%	$0.09	$0.03			
NXG	21/11/2025	11.9100	▼- 5.44%	$15.21	$6.44		$15.375	▲29.1%
ORP	21/11/2025	0.0500	0.00%	$0.06	$0.02			
PDN	21/11/2025	7.5300	▼- 8.20%	$9.95	$3.93	63.1	$9.843	▲30.7%
PEN	21/11/2025	0.4500	▼- 5.26%	$1.61	$0.28		$1.330	▲195.6%
SLX	21/11/2025	7.6000	▼-11.21%	$10.85	$2.28		$11.200	▲47.4%
TOE	21/11/2025	0.3700	▼- 8.64%	$0.52	$0.15			
WCN	21/11/2025	0.0200	▼-10.00%	$0.04	$0.01			



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WEEKLY REPORTS

The Short Report - 27 Nov 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 November 20th, 2025 (most recent data available through ASIC).

10%+

BOE	21.72%
DMP	16.68%
PDN	12.54%
IEL	12.44%
GYG	12.04%
PLS	11.79%
PWH	11.31%
FLT	11.11%
PNV	10.94%
TLX	10.81%
IPH	10.64%

9.0-9.9%

CTD	9.60%

Out: CUV

8.0-8.9%

ILU	8.82%
NAN	8.76%
DGT	8.48%
LIC	8.27%
VUL	8.09%
JHX	8.05%

In: VUL, JHX

7.0-7.9%

GEM	7.53%
LOT	7.44%
BRG	7.40%
KAR	7.37%
BSL	7.20%

RIO 7.03%

In: LOT, KAR, BSL
Out: VUL, MSB

6.0-6.9%

MSB 6.91%
TWE 6.90%
CUV 6.60%
DYL 6.48%
DRO 6.27%
IPX 6.17%

In: MSB, CUV, IPX
Out: BSL, LOT, SLX, MIN, JHX

5.0-5.9%

ING 5.92%
NXT 5.90%
SLX 5.85%
MIN 5.79%
HMC 5.57%
ARB 5.38%
GMD 5.28%
BPT 5.26%
NEU 5.19%
BAP 5.13%
JIN 5.08%

In: SLX, MIN, BAP, JIN
Out: IPX, BRN

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.2	0.2	NAB	0.5	0.4
ANZ	0.8	0.8	QBE	0.2	0.3
BHP	1.0	1.0	RIO	7.0	7.1
BXB	0.5	0.5	STO	0.3	0.3
CBA	0.6	0.6	TCL	0.6	0.5
COL	0.3	0.4	TLS	0.3	0.4
CSL	0.4	0.4	WBC	0.5	0.6
FMG	1.8	1.7	WDS	3.7	4.0
GMG	0.4	0.4	WES	0.4	0.4
MQG	0.6	0.6	WOW	1.0	0.9

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.

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WEEKLY REPORTS

In Brief: Vection, Macquarie Tech, IPD & Objective

In this week's In Brief there is a new "metaverse" microcap, a major data centre and cloud services provider with a electrical infrastructure player.

- **Defense wins drive Vection's XR momentum**
- **Macquarie Technology touts strong data centre demand**
- **IPD guidance points to firmer FY26 growth**
- **Objective embraces AI for its new SaaS overlay service**

By Danielle Ecuyer

This week's quote comes from Phil Orlando, Chief Market Strategist at Federated Hermes:

"Despite the well-documented bifurcation between high- and low-end consumers, we expect a solid holiday shopping season driven by the beneficiaries of the wealth effect sprung from elevated stock and home prices. "

Aussie minnows reaches across extended reality and AI applications

Vection Technologies ((VR1)) is an enterprise software company operating in spatial computing, referred to as extended reality (XR), as well as an AI solutions provider.

Its core is the IntegratedXR platform, which Petra Capital describes as an ecosystem combining proprietary extended reality and AI applications with a single access point into one framework.

Put simply, Vection builds extended reality and AI software for large businesses, including virtual training, 3D simulations, and digital twins of real sites or equipment. It also makes augmented and virtual reality tools for remote assistance and interactive product or engineering visualisation, all offered through the IntegratedXR platform.

Meta referred to such technology as the metaverse.

As highlighted by the broker, Vection's services and solutions are applicable across a wide range of sectors and include well known blue chip organisations, including Coca-Cola, Nestle, Mirvac, Volvo, Generali, Diesel and Bunnings, as well as spanning a wide range of sectors including defense, retail, government, sports, real estate, education and tourism.

The technology is underpinned by 29 global patents and four ISO (International Organization for Standardization) certifications. The company owns and develops its core intellectual property.

The company acquired JMC Group in June 2021, which is a Titanium Partner (highest status) with Dell Italy, which substantially lifted Vection's global profile.

The broker views several major contract expansions with NATO approved partner, Area 12, and Generali as giving more credence to the technology stack and service offered.

Over the last two years, higher defense spending has resulted in several contracts with major European defense contractors and NATO approved partners.

The mission critical solutions required by the defense sector reinforce and support the company's software platform and service.

Defense is anticipated to be the biggest earnings generator in FY26. The total framework with the NATO approved partner is $40m with an extension up to $47.2m until December 31, 2030, as explained, and the contract came from a repeat client.

Revenue growth has been achieved on an organic split of around 65%, estimated at $57.7m in FY26, and acquired circa 35%, with earnings (EBITDA) expected to be positive in FY25/FY26, followed by positive free cash flow in FY27.

Rising revenue on a fixed cost base should realise more profitable scale benefits.

Vection is a micro cap with a circa $90m market cap. It is also founder led with a robust track record of growth.

On initiation of coverage, the stock is Buy rated with a 7c target price.

Robust demand puts hyperscale ambitions within reach

Canaccord Genuity outlined a well attended **Macquarie Technology** ((MAQ)) Investor Day at its Macquarie Park data centre, which included the top executives for the Data Centres, Cloud Services, Government and Telecom divisions, as well as the CFO.

Data Centres described demand as “strong” across the sector, which aligns with similar statements from other listed peers. IC3 Super West is the only data centre of scale due to open in Sydney’s north zone in 2026.

If history repeats, the announcement for a major anchor tenant is likely to be four months before opening, such was the case for IC3 East, which would be in 2Q 2026.

Regarding the touted 150MW campus, the next significant addition to power supply is anticipated to be available in 2029/2030 and will be a major factor to establish a potential opening date for this asset.

The outlook for Cloud Services is described as optimistic, with demand coming from repatriation of workload to private from public cloud as a cost saving. This is creating volatility across the industry as three year contracts came up for renewal.

Macquarie Technology remains a Pinnacle Partner for Broadcom, which brings forth opportunities to consolidate workloads from other providers outside the partner network.

Major opportunities were identified from the “Essential 8” cybersecurity framework, while good growth was noted in the mid market for Telecom, which remains overcharged and under-serviced according to the group head.

The CFO explained IC3 Super West (6MW) of capacity will be opened in 3Q2026 from existing cash, operating cash flow and net borrowings facilities of $240m.

Expansion of the future IC3 Super West stages, estimated at $500m, would be generated from free cash flow and an increase in debt facility.

Funding of the planned hyperscaler 150MW campus could be achieved through the sale of an 80-90% stake in the “stabilised” assets at Macquarie Park, which Canaccord values at $2.2bn in total.

The estimated cost of the planned campus is -$2.5-$3bn to construct after -$240m land acquisition.

The sale of a majority stake in existing assets would provide a significant proportion of the company's share of investment in its new campus.

The broker remains Buy rated with an unchanged $95 target.

A return to growth underpins an earnings and price upgrade

IPD Group ((IPG)) offered a trading update and 1H26 guidance with the company flagging a first half earnings range (EBITDA) of $24.8m to $25.3m, up some 6.1% y/y, and an EBIT range of $21.1m-$25.3m, up 7.57% y/y.

Investments are proving to be generating positive momentum, with management's qualitative comments supporting a growth outlook for FY26.

End markets are also showing signs of recovery and resilience, with momentum across all business units.

Demand has returned with growth in commercial, industrial and infrastructure projects. Non-residential building work is up 27%, including a rise in commercial building work of 13%.

Engineering construction activity was up 43% in the June 2025 quarter and up 24% for the year.

On the back of the update, Moelis has lifted EPS forecasts by 3% for FY26 and 1% for FY27.

Buy rating retained with an upgraded target price of $4.83 from $4.74, underpinned by strong growth on the order book, an expanding pipeline of works and a return to growth in the CMI business (cable and plug division).

Bespoke AI for Objective's customers

Objective Corp ((OCL)) is the latest software, cloud-based company to outline its strategic moves into offering customers an artificial intelligence overlay.

The software-as-a-service platform which offers electronic content management solutions is aimed at providing intelligence a client can rely on, as described by Moelis.

As more details come forth on its AI offering, "Objective Intelligence", the analyst believes the development represents a major opportunity which should underpin additional growth strategies.

Objective Intelligence permits the sharing of customers' information with AI in a "secure and efficient" manner using retrieval augmented generation (RAG), which ticks several boxes, from enabling AI productivity securely at a lower cost, noted as "intelligent routing of workloads" with better accuracy as large language models are refined to be user-specific.

Moelis notes the value proposition should resonate with government and regulated customers, with lower cost AI seen as a key driver for adoption and scalable revenue.

The stock is upgraded to Buy from Hold with an unchanged $24.29 target price, noting the share price is trading around -39% lower.

The analyst has yet to factor in any of the potential earnings upside from Objective Intelligence.

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 28-11-25

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

Broker Rating Changes (Post Thursday Last Week)

Upgrade

INSURANCE AUSTRALIA GROUP LIMITED ((IAG)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

A change of analyst at Jarden results in a reordering of domestic general insurance preferences, upgrading Insurance Australia Group to Overweight from Neutral and downgrading Suncorp ((SUN)) to Neutral from Overweight.

The broker mentions better risk reward in Insurance Australia Group as organic tailwinds fade.

The new analyst argues the premium rate momentum is contracting across commercial, personal lines and NZ, making Suncorp’s push for organic commercial growth harder despite its favourable consumer mix.

While Suncorp is seen as better positioned for organic consumer driven growth, the broker expects both majors to face market share pressure and trims gross written premium forecasts by about -1%.

Insurance Australia Group is viewed as having a catalyst rich outlook, including potential RACWA approval, FY27 cost out upside, commercial capital optimisation, and quota share reinsurance commission benefits.

EPS forecasts are downgraded around -1% for each insurer. Insurance Australia Group target is lowered to $8.20 from $8.30.

Downgrade

ACCENT GROUP LIMITED ((AX1)) Downgrade to Hold from Buy by Petra Capital.B/H/S: 0/0/0

Accent Group delivered a weak AGM trading update, assesses Petra Capital, with financial year-to-date like-for-like sales slipping to -0.4% after an early improvement. The broker lowers its target to $1.08 from $1.65 and downgrades to Hold from Buy.

The gross margin contracted -160bps as the group increased promotional activity to manage inventory, driven largely by underperformance in lifestyle footwear, explains the analyst. It's noted sports categories continued to trade well.

Earnings (EBIT) guidance was materially downgraded to $55m-$60m from around $80m for 1H26 and $85m-$95m from circa $118m for FY26.

Petra Capital believes category-specific issues, including a lack of new lifestyle product amid intense competition, are the primary drag rather than macro factors alone.

SUNCORP GROUP LIMITED ((SUN)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

A change of analyst at Jarden results in a reordering of domestic general insurance preference, upgrading Insurance Australia Group ((IAG)) to Overweight from Neutral and downgrading Suncorp to Neutral from Overweight.

The motivation given is a better risk reward in Insurance Australia Group as organic tailwinds fade.

The new analyst argues the premium rate momentum is contracting across commercial, personal lines and NZ, making Suncorp's push for organic commercial growth harder despite its favourable consumer mix.

While Suncorp is seen as better positioned for organic consumer driven growth, the broker expects both majors to face market share pressure and trims gross written premium forecasts by about -1%.

Insurance Australia Group is viewed as having a catalyst rich outlook, including potential RACWA approval, FY27 cost out upside, commercial capital optimisation, and quota share reinsurance commission benefits.

EPS forecasts are downgraded around -1% for each insurer. Suncorp's target is lowered to $19.50 from $21.60.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	INSURANCE AUSTRALIA GROUP LIMITED	Buy	Neutral	Jarden
Downgrade				
2	ACCENT GROUP LIMITED	Neutral	Buy	Petra Capital
3	SUNCORP GROUP LIMITED	Neutral	Buy	Jarden

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
ALQ	ALS Ltd	$22.23	Jarden	18.40	14.85	23.91%
ASG	Autosports Group	$4.52	Canaccord Genuity	4.94	4.91	0.61%
			Jarden	4.30	3.35	28.36%
			Moelis	5.05	4.85	4.12%
AX1	Accent Group	$0.99	Jarden	1.20	1.46	-17.81%
			Petra Capital	1.08	1.65	-34.55%
BEN	Bendigo & Adelaide Bank	$10.28	Jarden	11.00	12.00	-8.33%
BSL	BlueScope Steel	$23.73	Jarden	24.90	24.60	1.22%
BWN	Bhagwan Marine	$0.46	Petra Capital	0.68	0.61	11.48%
CRD	Conrad Asia Energy	$0.69	Canaccord Genuity	1.19	1.60	-25.63%
CSL	CSL	$186.18	Jarden	283.00	287.14	-1.44%
ELD	Elders	$7.37	Canaccord Genuity	7.93	8.15	-2.70%
ERD	Eroad	$1.30	Moelis	2.32	2.44	-4.92%
FFM	FireFly Metals	$1.80	Canaccord Genuity	2.50	2.15	16.28%
GMD	Genesis Minerals	$6.76	Canaccord Genuity	7.90	6.15	28.46%
GTK	Gentrack Group	$9.25	Moelis	9.47	11.59	-18.29%
HLO	Helloworld Travel	$1.76	Jarden	3.20	2.80	14.29%
IAG	Insurance Australia Group	$7.73	Jarden	8.20	8.50	-3.53%
JHX	James Hardie Industries	$29.86	Jarden	39.00	38.00	2.63%
LGI	LGI	$4.13	Canaccord Genuity	4.80	4.30	11.63%
LOV	Lovisa Holdings	$31.93	Jarden	40.90	42.42	-3.58%
MSB	Mesoblast	$2.69	Canaccord Genuity	3.11	3.04	2.30%
MVF	Monash IVF	$0.85	Canaccord Genuity	0.65	0.72	-9.72%
PLT	Plenti Group	$1.28	Canaccord Genuity	1.69	1.64	3.05%
			Moelis	1.87	1.85	1.08%
QBE	QBE Insurance	$19.05	Jarden	20.20	23.90	-15.48%
QUB	Qube Holdings	$4.97	Jarden	5.00	4.25	17.65%
RIC	Ridley Corp	$2.58	Canaccord Genuity	3.47	3.48	-0.29%
SHL	Sonic Healthcare	$23.35	Jarden	26.27	27.92	-5.91%
SKS	SKS Technologies	$4.38	Canaccord Genuity	4.09	3.14	30.25%
SUN	Suncorp Group	$18.21	Jarden	19.50	22.00	-11.36%
SYL	Symal Group	$2.58	Jarden	2.70	2.50	8.00%
TLC	Lottery Corp	$5.46	Jarden	5.20	5.65	-7.96%
TNE	TechnologyOne	$30.12	Jarden	32.00	44.82	-28.60%
TPG	TPG Telecom	$3.79	Jarden	3.70	5.25	-29.52%
VAU	Vault Minerals	$4.87	Moelis	6.10	0.93	555.91%

WJL Webjet Group	$0.90	Jarden	1.10	1.20	-8.33%
Company	Last Price	Broker	New Target	Old Target	Change

More Highlights

ACW ACTINOGEN MEDICAL LIMITED

Pharmaceuticals & Biotech/Lifesciences - Overnight Price: $0.05

Canaccord Genuity rates ((ACW)) as Initiation of coverage with Speculative Buy (1) -

Canaccord Genuity initiates coverage of Actinogen Medical with an 8c target and Speculative Buy rating.

The company holds meaningful un-risked value in its Xanamem program for Alzheimer's disease, explains the broker, with the phase 2b/3 XanaMIA trial approaching an interim read in 1Q26.

The analysts see strong scientific rationale after earlier recut data identified a clear efficacy signal in patients with elevated pTau181 (a protein that helps stabilise neurons).

Elevated pTau181 levels in blood or cerebrospinal fluid correlate strongly with Alzheimer's disease activity, progression, and tau pathology.

The analysts highlight deep target engagement in the brain and a well-defined responder phenotype as key reasons the program may succeed.

This report was published on November 20, 2025.

Target price is **$0.08** Current Price is **$0.05** Difference: **$0.026**
If **ACW** meets the Canaccord Genuity target it will return approximately **48%** (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 **0.00** cents and EPS of **minus 1.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 5.40**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **0.00** cents.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

BWN BHAGWAN MARINE LIMITED

Industrial Sector Contractors & Engineers - Overnight Price: $0.48

Petra Capital rates ((BWN)) as Buy (1) -

Petra Capital continues to believe Bhagwan Marine's FY26 revenue can grow at 8-10% excluding Thevenard Island, with a margin around 18%.

The analyst views the company's growth strategy since IPO as achieving results, but the changes in cyclical momentum have yet to be experienced.

A Buy rating is reiterated with a target price of 68c.

This report was published on November 19, 2025.

Target price is **$0.68** Current Price is **$0.48** Difference: **$0.2**
If **BWN** meets the Petra Capital target it will return approximately **42%** (excluding dividends, fees and charges).

The company’s fiscal year ends in June.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **1.00** cents and EPS of **4.70** cents.
At the last closing share price the estimated dividend yield is **2.08%.**
At the last closing share price the stock’s estimated Price to Earnings Ratio (PER) is **10.21**.

Forecast for FY27:

Petra Capital forecasts a full year **FY27** dividend of **1.00** cents and EPS of **5.50** cents.
At the last closing share price the estimated dividend yield is **2.08%.**
At the last closing share price the stock’s estimated Price to Earnings Ratio (PER) is **8.73**.

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

CMA CARMA LIMITED

Automobiles & Components - Overnight Price: $1.70

Canaccord Genuity initiates coverage on Carma ((CMA)) with a $3.50 target and Buy rating.

The company operates a vertically integrated digital platform for buying and selling used cars in Australia, offering a higher-quality and more reliable alternative to the traditional dealership experience

Carma’s FY25 performance reflects rapid early-stage scaling, observes the broker, with revenue of $71m expected to rise to $128m in FY26 on the path to $700m by FY30.

The analysts expect strong growth in retail, wholesale and ancillary revenue streams as supporting the company’s emerging position in the fragmented used-car market.

It’s thought improving unit economics will be driven by rising Sell-to-Carma sourcing, higher utilisation of the reconditioning centre and stronger finance attachment rates.

This report was published on November 19, 2025.

Target price is **$3.50** Current Price is **$1.70** Difference: **$1.8**
If **CMA** meets the Canaccord Genuity target it will return approximately **106%** (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 **0.00** cents and EPS of **minus 25.60** cents.
At the last closing share price the stock’s estimated Price to Earnings Ratio (PER) is **minus 6.64**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **minus 20.30** cents.
At the last closing share price the stock’s estimated Price to Earnings Ratio (PER) is **minus 8.37**.

All consensus data are updated until yesterday. FNArena’s consensus calculations require a minimum of three sources

HLO HELLOWORLD TRAVEL LIMITED

Travel, Leisure & Tourism - Overnight Price: $1.75

Jarden rates ((HLO)) as Overweight (2) -

Helloworld Travel has made a non-binding proposal to acquire Webjet ((WJL)) by way of a scheme of arrangement at $0.90 a share.

Jarden assesses the offer represents around 10x FY26 EBITDA and expects it to be more than 2% accretive for FY26 before synergies.

The broker envisages merit in the deal because having scale in travel is increasingly important to drive buying and selling synergies at a time when global operators such as Google are investing in the market. Overweight. Target is $3.20.

This report was published on November 19, 2025.

Target price is **$3.20** Current Price is **$1.75** Difference: **$1.455**
If **HLO** meets the Jarden target it will return approximately **83%** (excluding dividends, fees and charges).
Current consensus price target is **$2.39**, suggesting upside of **37.2%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

Jarden forecasts a full year **FY26** EPS of **22.50** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.76**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **21.5**, implying annual growth of **18.9%**.
Current consensus DPS estimate is **12.3**, implying a prospective dividend yield of **7.0%**.
Current consensus EPS estimate suggests the PER is **8.1**.

Forecast for FY27:

Jarden forecasts a full year **FY27** EPS of **22.80** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.65**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **22.8**, implying annual growth of **6.0%**.
Current consensus DPS estimate is **12.8**, implying a prospective dividend yield of **7.3%**.
Current consensus EPS estimate suggests the PER is **7.7**.

Market Sentiment: **0.7**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

GTK GENTRACK GROUP LIMITED

Software & Services – Overnight Price: $8.49

Moelis rates ((GTK)) as Buy (1) –

Gentrack Group achieved inline FY25 results according to Moelis, with management describing it as a transition year.

The results met the company's baseline guidance, with Veovo (airports) the positive surprise and standout.

Investors continue to be focused on the conversion of the group's pipeline, with wins anticipated in 2H26. Management's outlook for FY26 is more modest, as customer wins are deferred until later in 2026. On a positive note, Genesis (customer) is now live with g2.0, the latest platform.

Management's mid-term guidance is for more than 15% CAGR for revenue and an earnings (EBITDA) margin of 15-20%. The analyst lowers their EPS forecasts by -17.9% for FY26 and -3.3% for FY27.

The stock is Buy rated with a $9.47 target price.

This report was published on November 24, 2025.

Target price is **$9.47** Current Price is **$8.49** Difference: **$0.98**
If **GTK** meets the Moelis target it will return approximately **12%** (excluding dividends, fees and charges).

Current consensus price target is **$10.00**, suggesting upside of **17.8%**(ex-dividends)
The company's fiscal year ends in September.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **19.93** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **42.61**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **16.6**, 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 **51.1**.

Forecast for FY27:

Moelis forecasts a full year **FY27** dividend of **0.00** cents and EPS of **28.26** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **30.04**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **23.6**, implying annual growth of **42.2%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **36.0**.

This company reports in **NZD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

IPH IPH LIMITED

Legal – Overnight Price: $3.47

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

IPH Ltd offered a trading update at its AGM for the four months to October 31 with revenue up 7% year-to-date and underlying earnings (EBITDA) up 13%.

In constant currency terms, revenue slipped -3% but earnings (EBITDA) rose 3.5%, Petra Capital highlights, pointing to the impact of lower costs.

A&NZ remained weak with filings, revenue fell -7% and earnings (EBITDA) by -10% which broadly aligns with consensus.

Canada served up a "solid" result as well as a recovery in workflow post a disruption from CIPO systems in FY25. Asia managed positive organic growth which met the analyst's expectations.

Target price remains at $6 with a Buy rating.

This report was published on November 21, 2025.

Target price is **$6.00** Current Price is **$3.47** Difference: **$2.53**
If **IPH** meets the Petra Capital target it will return approximately **73%** (excluding dividends, fees and charges).
Current consensus price target is **$5.97**, suggesting upside of **72.0%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **36.40** cents and EPS of **48.60** cents.
At the last closing share price the estimated dividend yield is **10.49%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.14**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **48.3**, implying annual growth of **86.8%**.
Current consensus DPS estimate is **37.8**, implying a prospective dividend yield of **10.9%**.

Current consensus EPS estimate suggests the PER is **7.2**.

Forecast for FY27:

Petra Capital forecasts a full year **FY27** dividend of **37.00** cents and EPS of **51.10** cents.
At the last closing share price the estimated dividend yield is **10.66%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **6.79**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **50.2**, implying annual growth of **3.9%**.
Current consensus DPS estimate is **38.3**, implying a prospective dividend yield of **11.0%**.
Current consensus EPS estimate suggests the PER is **6.9**.

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

PLT PLENTI GROUP LIMITED

Business & Consumer Credit – Overnight Price: $1.27

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

Canaccord Genuity sees Plenti Group's 1H26 result as demonstrating strong operating leverage after cash profit (PBT) reached $14.1m, exceeding last year's total.

The broker highlights revenue of around $150m, robust origination growth and improving net interest margin (NIM) as supporting its view of continued profitable expansion.

It is thought credit performance remained solid, with lower loan losses and reduced arrears reinforcing expectations for sustained growth.

Canaccord retains a Buy rating and sets a target of $1.69, up from $1.64.

This report was published on November 19, 2025.

Target price is **$1.69** Current Price is **$1.27** Difference: **$0.415**
If **PLT** meets the Canaccord Genuity target it will return approximately **33%** (excluding dividends, fees and charges).
The company's fiscal year ends in March.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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Moelis rates ((PLT)) as Buy (1) –

Plenti Group reported an inline 1H26 result with most key items pre-announced at the 2Q trading update, Moelis notes.

Revenue over the 1H grew 20% y/y with cash net profit after tax of $12.8m up 133% y/y. The auto loan book, including the National Australia Bank ((NAB)) relationship, grew 24% y/y and renewables up 24% y/y also.

Loan expense of 0.94% was lower than the long-term average of around 1.1%.

The broker views the outlook for Plenti as positive with the next growth coming from Horizon 2.

Target set at $1.87 with a Buy rating.

This report was published on November 18, 2025.

Target price is **$1.87** Current Price is **$1.27** Difference: **$0.595**
If **PLT** meets the Moelis target it will return approximately **47%** (excluding dividends, fees and charges).
The company's fiscal year ends in March.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **13.20** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **9.66**.

Forecast for FY27:

Moelis forecasts a full year **FY27** dividend of **0.00** cents and EPS of **14.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.67**.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

PYC PYC THERAPEUTICS LIMITED

Pharmaceuticals & Biotech/Lifesciences – Overnight Price: $1.49

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

PYC Therapeutics has reported encouraging progress in two of its drug programs, one for a genetic kidney disease (ADPKD) and one for an inherited eye disease (RP11), Canaccord Genuity notes.

In the eye study, early phase results for VP-001 show patients' vision measures have improved and those gains have held up over longer follow-up, which is a good sign because the disease normally worsens with time.

In the kidney study, the new drug PYC-003 has so far looked safe, letting the company move to a higher dose in the next patient group, with the first indications of whether it helps patients expected in early to mid 2026 and more complete repeat dose results by late 2026.

The kidney program is viewed as the biggest driver of the biotech's valuation. Buy rating and a $2.85 target price retained.

This report was published on November 24, 2025.

Target price is **$2.85** Current Price is **$1.49** Difference: **$1.365**
If **PYC** meets the Canaccord Genuity target it will return approximately **92%** (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 **0.00** cents and EPS of **minus 13.60** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 10.92**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **minus 18.80** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 7.90**.

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

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