WEEK 51

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2024 Outlook: Global And Local

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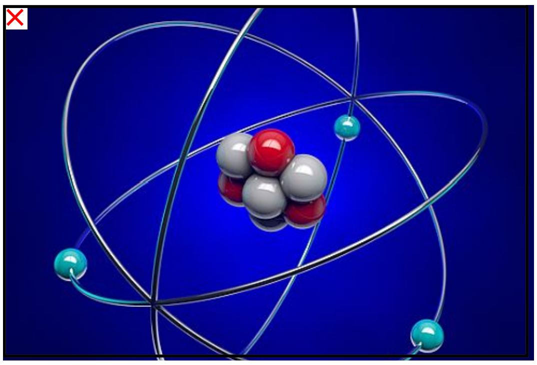

Uranium Week: Russian Ban Still Hanging

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FEATURE STORIES

2024 Outlook: Global And Local

Soft landing? Recession? Inflation falling? Central banks easing? There remain questions as to how 2024 will play out.

-Fed pivot changes the tone
-Soft landing a popular expectation
-Can China recover?
-Fiscal impacts in Australia

By Greg Peel

The Fed's decision to leave rates on hold again at its December meeting was exactly what markets expected. What was not expected was a clearly dovish shift in rhetoric.

While the Fed has now left its cash rate on hold at four of the past five meetings, the language has remained that of "there may be more work to do yet to bring inflation down to target".

Jerome Powell offered the slightest glimmer of hope at the November meeting the hiking cycle may now be done, while still warning it may not be. But that press conference, and subsequent US data, were sufficient for the market to decide the Fed was indeed done, and rate cuts would begin next year. Maybe as early as March.

November saw the US ten-year yield crash from just over 5% to around 4.25%. The adage is "don't fight the Fed," but clearly the market was now pricing in rate cuts the Fed refused to be drawn on. The expectation at the December meeting was that Jerome Powell would "push back" on such a move, and remain stubborn in not flagging any rate cuts in the near term.

But he didn't. Instead, Jerome Powell indicated rate cut talks have begun. The FOMC "dot plots" showed a consensus expectation of -75 points, or three cuts, in 2024. The Fed "pivoted", and came to meet the market, rather than the other way around.

The market immediately priced in four 2024 rate cuts. The ten-year yield fell close to 4%. Now the market is pricing in as many as six.

In writing their 2024 outlook reports, ahead of the December Fed meeting, brokers/researchers/economists were largely working on the assumption the Fed was done hiking, and that 2024 would bring rate cuts. As to how many and exactly how early they would begin, views varied.

There are two reasons the Fed can begin cutting rates in 2024, and Powell acknowledged this at his December press conference. Typically a cutting cycle begins because the economy has slid into recession, and needs rescuing. But rates can also be cut in order to "normalise" policy, if the need to be as restrictive eases. That would be driven by falling inflation.

The latter case implies a "soft landing" for the US economy – an expression that has been bandied about all year. While it is the Fed's ultimate goal to bring the economy in for a "soft landing", which would be considered a Goldilocks achievement, there is no strict definition as to what a soft landing actually is.

The popular definition is one of a slowing economy, but not an actual recession. Others assume a "mild" recession is a soft landing, compared to a deep recession or "hard landing".

Still others suggest 2023 has seen the US economy in a "rolling recession" – some sectors have hit hard time while others haven't, but are now coming out. Or it can be considered the US economy, as of December, is already in the middle of its soft landing.

Not that any of it really matters.

What Went Right?

2023 was supposed to be the year of the global economic slowdown, DBS Group notes, led by the US. High interest rates, fiscal correction after the largesse of the pandemic years, and lingering lockdown-related friction in China, were all on course to sap global economic momentum, with shadows over asset markets.

The electronics cycle was undergoing a painful correction and tech stocks were reeling from the 2022 sell-off. Emerging economies and markets appeared highly vulnerable to high commodity prices, a strong US dollar, rising interest rates, along with a plethora of geopolitical risks.

Despite taking all those punches, the global economy fared relatively okay this year, DBS suggests, slowing modestly. Global growth may be a tad lower this year than in 2022, but that misses the fact the largest economy in the world, the US, will end 2023 with a stronger GDP result than the previous year (2.4% versus 2.1%, as per DBS' forecast).

What drove the better-than-expected outcome?

In the case of the US, the answer boils down to cash and liquidity, DBS notes. Despite rising rates and quantitative tightening, US consumers and businesses, with most of their debt tied to rates from the zero-rate era, fared fine. Consumers still had cash unspent from the stimulus-related transfers and credits, while businesses found ample credit and funding available.

For the rest of the world, and to some extent for Americans, steady or declining commodity prices came in as a welcome surprise, supporting purchasing power. Post-pandemic spikes in travel, tourism, and events continued to act as a tailwind to a wide range of services worldwide.

Recession talk first emerged when the Fed started raising rates in March 2022, having insisted up to that point it was "not even thinking about thinking about" raising rates. Not at least until 2024. Given the subsequent pace and extent of rate hikes, a US recession was initially seen as inevitable – the only way to get inflation down, having peaked over 9%.

But by this time last year, it hadn't happened. This did lead some to wonder whether maybe it wouldn't after all, while others were sure 2023 would see a recession. It's about that time debate over soft and hard landings emerged.

It still hasn't happened. Yet, the bears stoically believe there will be a recession, now in 2024. The bears are nevertheless diminishing in number.

The sticking point is the "lag effect". When the Fed began hiking, it was quickly pointed out the impact of rate-hike cycles is not felt until some 12-18 months afterwards, or even 24 months. This largely lends itself to the fact corporations usually borrow money over two to five year periods. For some time, as the Fed was relentlessly hiking, they were still paying interest based on a zero cash rate. But once those loans matured…

For the bears, this is still the expectation: we are yet to see the full impact, that will take the US economy into recession.

This Time It's Different?

The golden rule in economics or markets is never say "this time it's different," as it never is, and you'll only come out looking the fool. But is there a case to say, with respect to traditional economic cycles (boom-bust), this time it's different?

Typically rate-hike cycles lead to rising unemployment. Fewer jobs mean less consumer spending, means recession. But in 2022-23, it hasn't. US (and Australian) unemployment remains at historically low levels, despite historic rate hike runs.

The pandemic, for all intents and purposes, was an historic first. Yes – the Spanish flu means it wasn't, but that was so long ago, and the nature of financial markets has changed so much in the meantime, as to accept covid and its lockdowns as a first. The upending of economies, the choke on supply chains, and the extent of fiscal support thrown at households and businesses was sufficiently unprecedented.

And then to have a war…

The impact on the labour market has simply not been as expected. The extent of the resilience of consumers, flush with handouts, was not expected. It's not the way it's meant to be, history suggests, when central banks start raising rates.

The bears remain adamant a typical rate-hike response is still coming. When that lag effect fully bites, unemployment will rise, and when it first begins to rise, it then accelerates. Consumers will soon run out of their cash holdings, and go to ground. A recession will ensue.

Thus, this time is not different, it's just taken longer, under unusual circumstances, to play out.

This is the question heading into 2024.

The Global Economy

DBS ascribes a base case 60% probability of a soft landing for the global economy in 2024. The burden of high rates will weigh, but a recession is unlikely in either the US or EU. China manages to clean up its act and remain in positive growth.

DBS ascribes a 15% chance of a hard landing, noting one-in-six is not trivial proposition. The risk would come from a rebound in inflation – that which the Fed so fears. Jerome Powell has taken heed of the experience of the 1970s, when the Fed hiked rates but then eased back too soon, allowing inflation to rise again.

A possible driver of an inflation bounce could be commodity prices. Falling US yields and a falling dollar implies higher USD commodity prices, and with geopolitical risks still prevalent, oil prices could be the problem.

A bounce in inflation would lead to central banks holding off on rate cuts. The world is sitting on a mountain of public and private debt, notes DBS. If central banks fail to bring rates down, this could take the global economy on a dangerous path.

Amundi believes investors will need to navigate a fragmented economic outlook and higher volatility risk in 2024.

Global growth will decelerate, driven by slowing developed economies and a mild recession in the US in the first half, Amundi forecasts. The growth differential between Emerging and Developed Markets will reach a five year-high. India will grow faster than China.

A reversal in monetary policy is expected, with Fed rate cuts towards the end of the first half. Fiscal policy will be less supportive in Developed Markets than it has been, amid high debt, mostly targeted to energy transition.

Morgan Stanley foresees a baseline scenario of below-trend growth in Developed Markets, and a mixed Emerging Markets growth picture. Most of the slowing is in DM, with some EM outperformance outside of China partially offsetting.

In the US, subdued growth over the forecast period reflects monetary policy working its way through the economy, ie the lag effect. In Europe, Morgan Stanley sees only barely positive growth.

China should weigh on headline EM growth. In EM Asia, India, Indonesia, and the Philippines remain the fastest-growing economies, but combined they are less than half the size of China's economy.

Morgan Stanley sees inflation close to but not quite at target in most DM economies, with the final stage of inflation normalisation only reached in 2025. Consequently, the broker sees central banks only nearing their neutral rates at the end of 2025.

While recessions remain a risk everywhere, Morgan Stanley expects any recession in its baseline scenario (such as in the UK) to be shallow because inflation is falling with full employment, so real incomes are buoyed, leaving consumption resilient, despite more volatile investment spending.

Global markets have exceeded expectations in 2023, notes Russell Investments, thanks in large part to the mega-cap technology stocks known as the Magnificent Seven (Apple, Amazon, Google, Microsoft, Meta, Nvidia, Tesla).

Investor sentiment has shifted from “a recession is coming” to “a soft landing is around the corner.” Russell’s market psychology index indicates high investor optimism, even though market gains have been concentrated in 2023. Too much optimism can make the markets more vulnerable to over-corrections. Russell’s outlook for 2024 is more cautious due to (still) restrictive monetary policy, slowing growth, and geopolitical tensions.

Note that the November rally in the US saw a widening of market breadth, leading to stalled rallies from the Mag7 and renewed interest in the so-called S&P493 and small caps. That trend has accelerated post the December Fed pivot.

Still high Fed rates will likely strain finances in the year ahead, impacting borrowers and refinancers. Meanwhile, Russell expects Europe and the UK to continue contending with weak demand, high inflation, manufacturing slumps, and Brexit.

China, although stabilising, will continue to grapple with the long-term issues of debt, property markets and demographics (ageing population).

Despite all this, markets are pricing closer to a smooth landing in 2024. Russell Investments is not as confident about that, but still sees opportunities in a total-portfolio context.

The above is but a small selection of views, but there is a notable consistency. Slowing global growth or mild recession in 2024 (either of which could be labeled a “soft landing”), central bank rate cutting, with variations in timing the only differentiator, and ongoing volatility due to geopolitical risk.

Any acceleration of Middle East tensions could upset the apple cart, especially with regard to oil prices – the primary inflation risk.

<u>China</u>

China heads into 2024 with relatively loose policy settings, but private sector sentiment is constrained by property pessimism. Stimulus will reduce tail risks but Oxford Economics does not expect it will be sufficient to prevent the growth downtrend persisting. Oxford believes three key themes will shape the macro outlook in 2024.

Firstly, the economy will muddle through a tightly managed, multi-year clean-up process. The old “pre-sales” housing model is no more.

During 2023, Chinese buyers of apartments off-the-plan were left stranded without a dwelling, as property developers became bogged down in a mire of debt. They responded by refusing to make any further incremental payments, only making the situation worse.

Transitioning to a new model that boosts the role of state-directed public and social housing could prompt further consolidation among onshore property developers, Oxford suggests. There may be bouts of credit stress, but they're unlikely to be systemic.

Secondly, China is no longer the “spender of last resort” for the global economy, so don't expect robust reflation. A more disciplined approach to capital allocation will drive only a small uptick in the overall fiscal impulse, Oxford suggests. Inflation should stage an unspectacular ascent as supply-side disinflationary pressures fade.

Lastly, the investment recovery will be very sector-specific. The persistence of domestic regulatory uncertainties will temper the investment recovery, excluding property, in 2024. Sectors that benefit from policy tailwinds, plus high value-added manufacturing such as consumer electronics and autos, are likely to outperform.

Oxford Economics’ forecasts China’s GDP to slow to 4.4% growth in 2024. The forecast is in line with general views.

<u>Australia</u>

While consensus has it the Fed will not hike any further and rather 2024 will bring rate cuts, more likely from around mid-year than March as the market is currently forecasting, the same cannot be said with regard the RBA.

The new agreement on the conduct of monetary policy between the Treasurer and RBA Governor is more hawkish in the short and medium term, Citi suggests, as it requires inflation to anchor at the 2.5% midpoint of the target rather than settle between 2 and 3%. This suggests monetary policy will need to remain tighter for longer or the cash rate will need to increase further before peaking. Citi therefore reaffirms a central 4.60% cash rate target forecast for the March quarter, and no cut until the December quarter at the earliest.

Rabobank is one of several houses that believe the risk remains to the upside for the cash rate, and the RBA will continue to talk tough, but no further rate hike will be forthcoming.

But whereas the Fed is expected to begin cutting by at least mid next year, consensus has the first RBA rate cut in November.

Morgan Stanley is another that nevertheless foresees another hike, in February, and does not see the RBA cutting until 2025.

A critical factor is the RBA does not meet again until February, given the usual January break, by which time data on Christmas retail spending will be known, aside from further inflation numbers.

There is plenty of scope for the economy to weaken further over the Christmas period, Rabobank notes, and real consumer spending per capita has been falling since the final quarter of 2022 as debtors digest 425 basis points of cumulative tightening. That has meant that recent growth in retail turnover has been the weakest in the history of the series, despite surging nominal prices and record levels of population growth.

A point to note, with regard Christmas spending, is that while we have seen inflation trending down into December, it’s only the rate of growth of inflation that is falling (disinflation) and not inflation per se (deflation). Aside from some individual categories experiencing their own specific price impacts, food and beverage costs are no lower for the most part than they were last year.

Christmas 2022 was the first since 2019 without any further border closures, international or interstate, or social distancing rules, allowing the first unhindered family get-togethers and general Christmas parties since covid. The pressure valve had been released, and Australians were happy to spend up, cost be damned.

A year later, following several more RBA hikes, the mood is more constrained.

Surging population growth in 2023 has also helped to ensure that trend growth in the labour force has exceeded growth in employment since October 2022, notes Rabobank. This growth gap is widening as employment falters in the face of tepid consumer demand and the cumulative impact of rate hikes. The trend pace of employment growth has now halved since May 2022, while growth in the labour force has proven more resilient and is working to introduce some much-needed slack into the jobs market.

We note the government has moved to now halve the annual migrant intake, with the housing crisis the primary driver.

One of the more surprising outcomes over the past 18 months for UBS has been the ability of companies to maintain profit margins in such an inflationary environment. The low unemployment rate, which UBS expects will prevail through 2024 is supportive of end-demand, however the loss of momentum in pricing power suggests companies’ ability to pass on costs will deteriorate.

This is a commonly held view: inflation can be positive for retailers as it provides the excuse for price rises, which consumers are forced to accept under the circumstances. However, there is a point at which prices can no longer be raised or demand is “destroyed”.

As inflation falls, there is no longer an excuse to raise prices. Indeed the pressure is on to start cutting. Companies with sufficient “pricing power” will unlikely feel the need to cut, but companies in more competitive sectors may be forced to.

<u>The Fiscal Factor</u>

While the Labor government remains under pressure not to proceed with the Coalition’s stage three tax cuts for the wealthy this year, due to the cost of living and housing crises impacting on mid-to-low income earners, there appears no wavering in the Treasurer’s position at this point.

High income earners will be the major beneficiaries of the cuts because the progressive nature of the tax system means high earners pay (by far) the most income tax, and therefore receive the biggest discount in dollar terms when tax rates are cut. This has generated much political controversy and prompted some MPs to advocate for the cancellation or amendment of the cuts on the basis they are unequitable and could add to inflation.

But Rabobank points out high income earners have a high marginal propensity to save. If the tax cuts are predominantly saved (rather than spent) the inflation impact will be minor. If the tax cuts are cancelled and redirected into subsidies for lower-income households, the quantum of spending will be proportionally larger and the inflationary impact greater.

Savings ultimately equals investment, Rabobank notes, and investment raises the economic speed limit by boosting the supply side. This reduces inflation in the long run. Australia has been experiencing a mini investment boom since early 2021 as the large stock of pandemic-era savings is deployed in the investment decisions of firms. At some point, this mini boom will help to arrest the decline in the nation's productivity performance, and provide a lift in real wages. This will be particularly the case as the labour market softens, and the most marginally productive workers and firms exit the market, raising the average rate of productivity in the economy.

While there will no doubt be heated debate about the merits of the tax cuts leading up to the July 1 implementation date, what has not drawn much focus is that on the same day the Stage three tax cuts are due to come into effect the compulsory Superannuation Guarantee will be lifted from 11% to 11.5%. This means workers will be forced to save an extra 0.5 percentage points of their pay packets into defined contribution pension schemes, notes Rabobank.

In the absence of offsetting pay increases (some will get this, many won't), the increase to the Guarantee will provide a 50 basis point monetary tightening for almost every wage earner in the economy.

Given that some two-thirds of Australians have a job, two-thirds will see their take-home pay reduced by the increased super requirement. However, only one third of Australians have a mortgage, with the majority either owning or renting their homes, RBA rate hikes only impact that one third.

Consequently, Rabobank estimates the tightening effect of the increase to the Superannuation Guarantee is greater than two RBA rate hikes, and the deflationary impact will more than offset any short-run inflationary impact of the Stage three tax cuts.

In the long run, both measures will help to reduce inflation and increase productivity by increasing the stock of savings and the availability of investment capital.

UBS economists forecast the Australian economy to have grown by just 1.6% in 2023, which aside from the 2020 covid lockdown year represents the slowest pace of growth since 1991. That said, Australia's growth trajectory is still one of the best among advanced economies.

ANZ Bank economists have Australia's GDP growing by only 1.4% in 2023, slowing to 1.2% in 2024, before rebounding to 2.3% in 2025 as RBA rate cuts begin to impact.

Corporate Earnings

The low bar analysts have on earnings over the next year is one of the more bullish signs UBS has on equities into 2024. Historically earnings growth for the ASX200 has averaged 5.5% per year. The fact earnings growth for FY23 was 0%, and analysts now expect -6% for FY24, shows a fair amount of pessimism already exists in consensus numbers. UBS expects flat earnings growth over the 2024 calendar year.

As we get closer to the point of the first rate cut, which UBS expects in November, share prices will begin to more confidently "look through" the cycle. Historically, sectors across the domestic consumer/housing complex have seen their share prices bottom and turn upwards around three months before the RBA's first rate cut.

The growth challenged and worry-beset environment which investors have faced this year has some eerie similarities to what global equities faced back in the mid-1990s, UBS notes. In 1994 the RBA hiked aggressively through the second half of the year which caused equities to de-rate sharply. But fears over a subsequent hard landing proved incorrect. Not only did the economy avoid a recession, but Australian stocks managed to post positive annual returns for the following seven consecutive years, 1995 to 2001.

UBS has set a 2024 year-end target of 7660 for the ASX200, incorporating an increase in the market PE multiple to 16.5x from 15.5x. That's around 3% capital growth.

Morgan Stanley has a twelve-month target of 7350 as its base case. Morgan Stanley's bear case target is 5720, brought about by further rate hikes required and thus a sharper economic slowdown, while the bull case of 8580 would be driven by a soft landing and stronger cycle beyond that point.

Speaking from a more global perspective, Macquarie believes the cycle has shifted to Slowdown, which is often when equities peak. Coupled with seasonality, this high could be around April 2024.

Thereafter will begin a Downturn, Macquarie suggests, which is likely to drive up volatility and accelerate the outperformance of defensives.

The shift to Slowdown is a key inflection point in the market cycle, Macquarie notes, as it marks the end of the two best phases for equity returns (Recovery & Expansion). Returns in a Slowdown tend to be positive and the cycle's high often occur in this phase.

On Macquarie's projection, consensus hopes for a soft landing next year are likely to peak with stock prices.

Volatility tends to rise in a Downturn, Macquarie notes, as that's when recession fears are heightened. Stock returns tend to be negative and the outperformance of defensives that starts in a Slowdown is highly likely to accelerate in a Downturn. Health, Staples and Gold have been the best performers in past Slowdown/Downturn phases.

This is consistent with the rotation after an RBA pause. Macquarie also expects home prices to fall in 2024, which will be a headwind for equities after rising prices averted the 2023 mortgage cliff.

In its last Portfolio Update in October, Macquarie was already positioned for a Slowdown phase, but had also reacted to the upside risk to bond yields (which has passed faster than expected). The portfolio overweights include Health, Staples and Gold.

Macquarie will review the portfolio after the shift to Slowdown is confirmed. The changes the broker would consider are adding to defensives and software ahead of Fed cuts, while reducing Financials exposure as bond yields fall.

While near term economic growth and earnings are forecast to be solid, the strength of consumer sentiment will increasingly be tested as we move through 2024, suggests Equity Trustees Asset Management. This will begin to impinge on many companies' ability to maintain margins as costs rise and price increases become more difficult to sustain.

While not all companies are created equal, this will be a headwind for corporate earnings and potentially a greater impact on dividends as boards exercise caution in a less certain environment, ETAM warns.

The asset manager expects the Australian market will be impacted by three significant factors:

1) the significant weighting to the Bank sector, which is anticipated to have earnings decline due to a combination of anaemic credit growth, higher costs, increased competition, and a tick up in bad debts;

2) margin pressures for many businesses as rising costs are less able to be passed on to a weakening consumer and;

3) potential weaknesses in commodity prices, notably iron ore. The latter factor being volatile and heavily dependent on China policy and economic conditions.

As a result, ETAM expects equities to trade on reasonable valuation multiples. However, they may come under pressure if the market's consensus view of a soft landing fails to materialise and economic conditions worsen.

So in conclusion, the outlook all depends on the possibly elusive "soft landing", here and in the US, which as noted has no strict definition. There are many variables at play.

If there is a consistency in views, globally, it is that investors should navigate the uncertainty by weighting to "quality", in both equities and fixed income (sovereign, high-grade corporate).

FYI

The Seasonal Outlook For 2024

The seasonal outlook for 2024.

For everything there is a season, and a time for every matter under heaven. [1]

It's that time of year when we are inundated with forecasts from market strategists and economists. But relying solely on one source of information can be problematic – it puts all your eggs in one epistemic basket. It's important to be pluralistic and seek out information from a variety of diverse and independent sources. [2]

As a technical analyst, I am less than enamoured with the conventional “fundamental” model of the financial universe. Behavioural finance and neuroscience show us that humans are far from being perfectly rational. We are emotional creatures, and emotions can catalyse trading behaviour. [3] Any explanation of financial markets that ignores or downplays the role of human psychology is deficient, possibly even misleading. [4] [5]

It’s time to acknowledge the significance of seasonality, which many financial academics and practitioners view as nothing more than a statistical coincidence. “Correlation is nothing without causation”, they pontificate! At long last, science appears to be catching up with what technical analysts have been telling us for more than a century. [6] As one recent scientific article concludes, the changing seasons may be a “fundamental source of variability in how people think, feel, and behave.” [7] If human psychology matters, then we should be open to the idea that seasonality in financial markets is a genuine phenomenon.

It is with deference to *Homo Temporus*, I produce two seasonal blueprints for the Australian share market for 2024. [8] Exhibit 1 shows these data series. The first is the all-years model which is simply the average of past years, while the second is the solunar model, which averages all the years that have a similar lunar configuration to 2024. It is this later model that is my preferred metric for mapping seasonal influences, for it captures not just the solar aspect but also the lunar aspect. [9]

What can we expect from this "simple" seasonal forecast? [10] Well, the Australian share market is likely to finish the year higher, as it has done two-thirds of the time since 1937. The solunar model suggests it could be an above-average year, but I am not so interested in the destination as the journey itself. On that front, the all-years and solunar models closely mimic each other except for two notable exceptions. The solunar model suggests the typical mid-March bottom will occur in early April. It also suggests that September and October this year will defy the typical malaise they usually experience.

In the interest of full disclosure, I must admit that seasonality is just one tool in my analytical toolkit, which I use to interpret the market's behaviour.

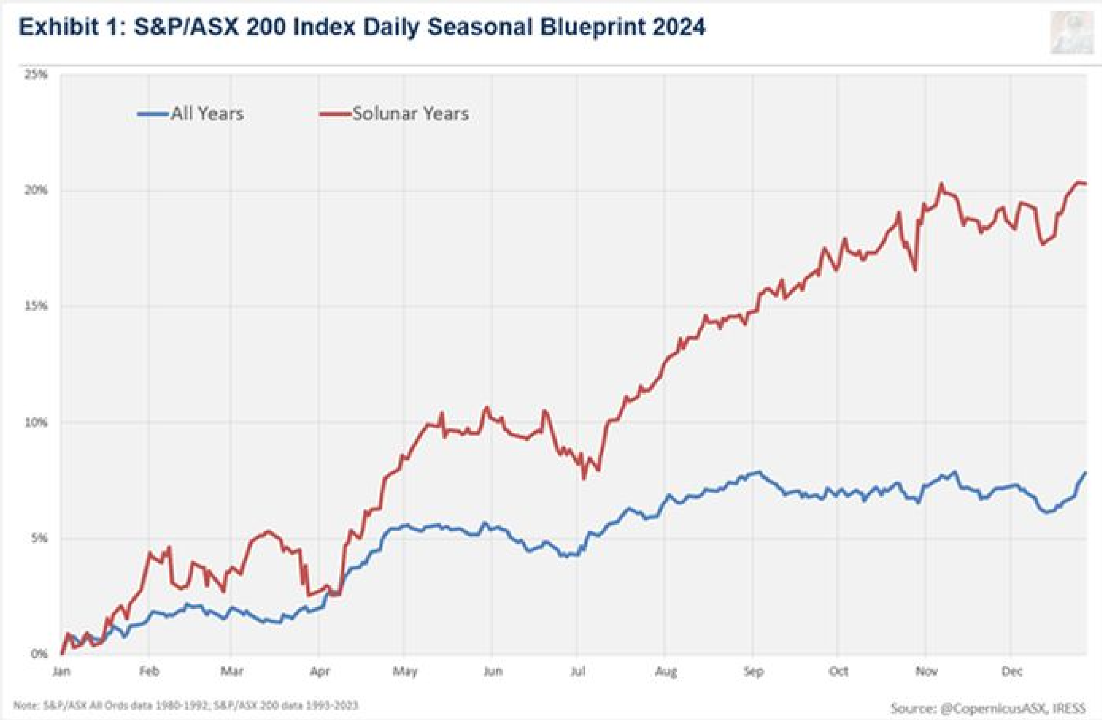

Exhibit 1: S&P/ASX 200 Index Daily Seasonal Blueprint 2024

Daniel Goulding is a technical analyst with over 20 years of experience. He is the publisher of The Goulding Letter on Substack, and previously The Sextant Market Letter. His Twitter handle is @CopernicusASX. In the past, he worked as an Authorised Representative of the Townsville branch of RBS Morgans, and later Grow Your Wealth Financial Services Townsville.

Footnotes

[1] Ecclesiastes 3:1-8 (New Revised Standard Version).

[2] James Surowiecki, *The wisdom of crowds* (New York: Anchor, 2005).

[3] See, for example, John Goodell et al., Emotions and stock market anomalies: A systematic review, *Journal of Behavioral and Experimental Finance 37*, (2023), https://doi.org/10.1016/j.jbef.2022.100722.

[4] “We aren’t rational actors with a few quirks in our behavior— instead, our brains are collections of quirks. We’re not a system with bugs; we’re a system of bugs. Working together, under certain conditions, these quirks often produce behavior that an economist would call “rational.” But under other conditions, they produce behaviors that an economist would consider wildly irrational.” Andrew Lo, *Adaptive Markets: Financial Evolution at the Speed of Thought* (Princeton: Princeton University Press, 2019), 186-187.

[5] “Indeed, many psychological scientists now assume that emotions are, for better or worse, the dominant driver of most meaningful decisions in life”. Jennifer Lerner et al., Emotion and Decision Making, Annual Review of Psychology 66, (2015), 801.

[6] See, for example, Richard Wyckoff, William D. Gann: An operator whose science and ability place him in the front rank, *Ticker and Investment Digest 5*, No. 2, December 1909, 54.

[7] Ian Hohm et al., Homo temporus: Seasonal Cycles as a Fundamental Source of Variation in Human Psychology, *Perspectives on Psychological Science*, (2023). https://doi.org/10.1177/17456916231178695.

[8] A rigorous approach to seasonality requires charts that display the exact daily price progression whilst filtering out calendrical irregularities such as holidays.

[9] Variations in geomagnetism seem to affect market returns. Anna Krivelyova & Cesare Robotti, Playing the Field: Geomagnetic Storms and the Stock Market, *Federal Reserve Bank of Atlanta Working Paper No. 2003-5b* (2003). Stephen Puetz, *The Unified Cycle Theory: How cycles dominate the structure of the universe and influence life on Earth* (Denver: Outskirts Press, 2009).

[10] A historical average benchmark forecast outperforms a variety of popular economic variables from the literature. David Rapach & Guofu Zhou, Forecasting Stock returns, *Handbook of Economic Forecasting 2*, (2013), 328-383.

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SMALL CAPS

Transformational Trial Results For Neuren Pharmaceuticals

Brokers raise valuations for Neuren Pharmaceuticals following positive Phase 2 clinical trial results.

-Trial results released for NNZ-2591 by Neuren Pharmaceuticals
-Wilsons increases the probability of success in Phelan McDermid syndrome
-Neuren conducting additional NNZ-2591 trials for three similar syndromes

By Mark Woodruff

Following the release by Neuren Pharmaceuticals ((NEU)) of positive Phase 2 clinical trial results for its drug to treat the cognitive disorder Phelan-McDermid syndrome in children, both Bell Potter and Wilsons materially raise their respective 12-month target prices for the company.

The data from the trial is transformational for Neuren Pharmaceuticals, suggests Wilsons, as it forces investors to value the company's NNZ-2591 drug as a real, material asset, as opposed to a free option within the company's share price.

Importantly, the broker believes NNZ-2591 will be the driver of future strategic value creation.

On the day the trail results were released, shares in Neuren jumped by nearly 30% and rose a further 8% the following day (yesterday) to close at $23.96.

Neuren is a commercial stage biopharmaceutical company focused on development of novel therapies for orphan neurodevelopmental disorders. The company's lead asset is Daybue (trofinetide), which was out-licensed in 2018 to Nasdaq-listed Acadia for distribution in North America.

In March this year, the US FDA approved Daybue for the treatment of Rett syndrome in adult and paediatric patients, and Acadia announced the US launch in April, triggering a US$40m milestone payment.

Commenting on the FDA approval at the time, Evans and Partners noted the valuation of Neuren was now partly dependent upon metrics around uptake of the drug and future discontinuation rates. Such factors determine what royalties are to be received as well as Neuren's ability to claim commercial milestones from its partner.

In July, Neuren expanded the Acadia agreement for all remaining global territories and received an upfront US$100m payment.

However, the company's primary focus is on its second asset NNZ-2591, which is targeting multiple rare diseases and neurological indications.

Earlier in the year, Wilsons outlined the opportunity for NNZ-2591 is at least five times as large as for Daybue. A significant de-risking for NNZ-2591 was noted when Daybue received FDA approval, as both treatments target a relevant signalling pathway integral to brain cell health and development.

Following the Phase 2 trial results, this broker has far greater confidence in NNZ-2591, and materially increases its probability of success against Phelan McDermid syndrome and for three additional syndromes, Angelman, Pitt-Hopkins and Prader-Willi, which are similarly characterised disorders.

Management at Neuren is currently conducting Phase 2 trials for the use of NNZ-2591 for those three syndromes, with top-line results expected over the next 12 months.

<u>Phase 2 trial results</u>

Endpoints in the latest Phase 2 trial included various clinician and caregiver assessments of symptomatic improvement from a baseline measurement.

The largest improvements were seen in communication, cognitive/learning abilities and social interactions. These domains are similar in nature to the traits most identified by caregivers as their top three concerns, explains Bell Potter.

The broker highlights that for 10 of the 14 efficacy endpoints, statistically significant improvements to week 13 of treatment from baseline were achieved. Importantly, note the analysts, NNZ-2591 was generally well tolerated by the 18 subjects.

<u>Looking forward</u>

Wilsons awaits notice of Neuren's end of Phase 2 meeting (either the second or third quarters of 2024) with the US FDA, in which registrational trial design and endpoints will be discussed, after which timelines and costs will be clearer.

Bell Potter suggests Neuren has ample cash ($230m as at September 30) to commence the likely next step, which is a larger (potentially pivotal) placebo-controlled Phase 3 Phelan-McDermid Syndrome trial to confirm the initial Phase 2 results.

Over the next year, this broker expects additional catalysts including quarterly updates for Daybue in the US, Daybue submissions in Canada and Europe. Additional NNZ-2591 Phase 2 results and Phase 3 preparations are also expected.

Bell Potter upgrades its rating for Neuren Pharmaceuticals to Buy from Hold and raises its target to $27.00 from $17.50, given the trial results mark a material de-risking event for NNZ-2591.

For the same reason, Wilsons increases its target price to $27.23 from $22.79 and maintains an Overweight recommendation.

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WEEKLY REPORTS

Uranium Week: Russian Ban Still Hanging

The US House passed a bill banning Russian uranium imports last week but the Senate has knocked it back so far.

-House passes uranium industry support and Russian import ban bills
-One Senator is holding out
-Spot uranium price jumps yet again
-COP developments suggest further upside

By Greg Peel

Industry consultant TradeTech reports both chambers of the US Congress voted in favour of the Final Fiscal Year 2024 National Defense Authorization Act last week, which includes appropriations and policies for the Department of Energy's national security program. The US$886 billion legislative package now goes to US President Joe Biden who is expected to sign the measure into law.

The final NDAA includes a provision for the Nuclear Fuel Security Act, which directs DoE to prioritise activities to increase domestic production of low-enriched uranium (LEU) for existing reactors and accelerate efforts to ensure the availability of high-assay, low-enriched uranium (HALEU) for advanced reactors.

On December 11, the US House passed legislation that would ban the import of Russian uranium. The bill, which includes a provision for waivers, would make it illegal to import LEU 90 days after the bill becomes law. The bill was ultimately blocked by Senator Ted Cruz of Texas. The Senate was scheduled to reconsider a bill last night.

At the time of writing this morning, there’s been no news on that front.

Passage of the bill through the House had buyers chasing sellers last week in the uranium spot market, with sellers backing off. Only two transactions were completed. When the bill was blocked in the Senate, market participants retreated into wait-and-see mode.

TradeTech’s weekly spot price indicator nonetheless rose another US$3.00 to US$86.00/lb.

Nuclear Cop

Nuclear energy made history last week as the UN's COP28 climate conference for the first time officially called for accelerating the deployment of low-emission technologies, including nuclear energy, to help achieve "deep and rapid decarbonization".

The decision represents the first time the 198 signatory countries to the UN Framework Convention on Climate Change have included nuclear energy in the Global Stocktake, TradeTech notes.

The inclusion of nuclear energy in the Global Stocktake follows two other significant agreements reached at COP28: The Ministerial Declaration to Triple Nuclear Energy, which saw 22 countries set a goal of tripling global nuclear capacity by 2050, and the Global Renewable and Energy Efficiency Pledge, which recognised that nuclear energy will have a critical role in decarbonising the energy sector.

COP28 also saw more than 120 companies worldwide sign the Net Zero Nuclear Industry Pledge, echoing the goal set by the Ministerial Declaration.

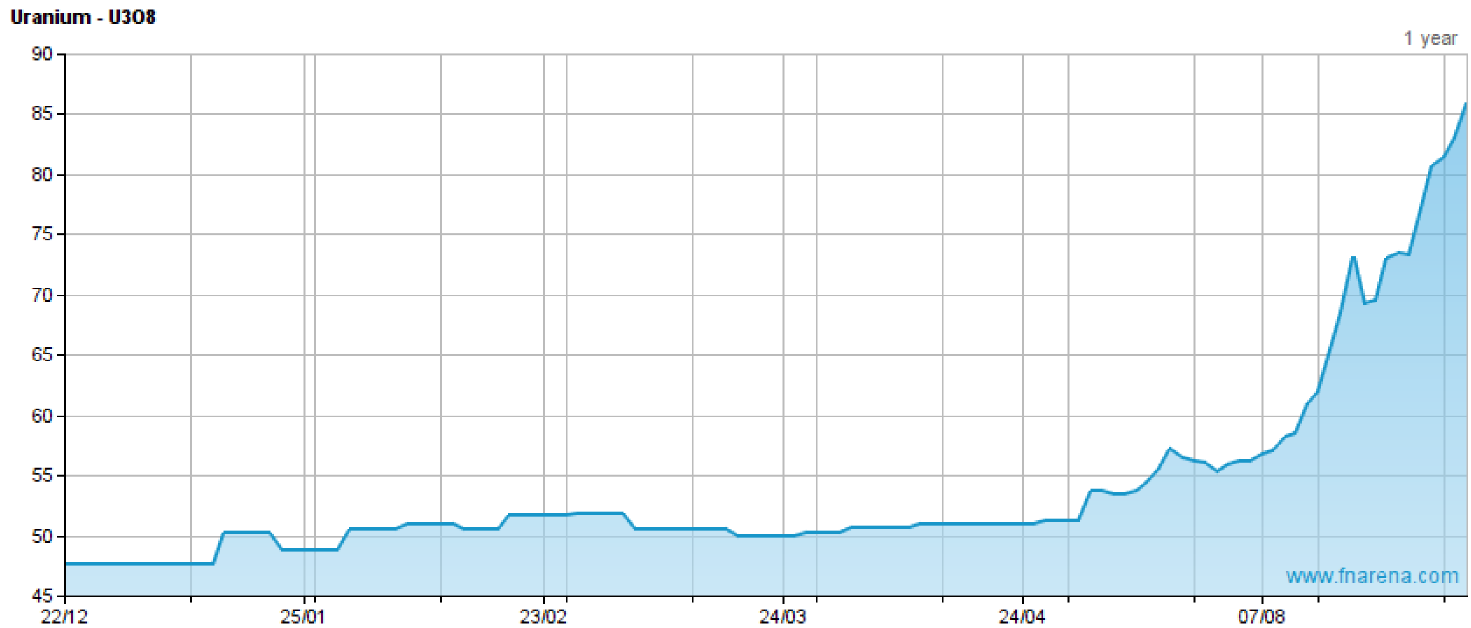
The uranium, conversion, and enrichment markets have all being showing the effects of increased demand and limited availability, and the ambitious goals set out at COP28 will mean that the industry will need government and private industry support to meet its needs in the coming years, TradeTech notes.

For the term markets, this means that higher prices that have been witnessed across the entire fuel cycle, whether uranium, conversion, or enrichment, are likely to increase in the near term as the industry moves to find solutions to meet the needs of industry that is seeing growth beyond any witnessed in the sector in decades.

TradeTech’s term price indicators remain at US$82.50/lb (mid) and US$66.00/lb (long).

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

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	18/12/2023	0.0800	0.00%	$0.19	$0.05			
AGE	18/12/2023	0.0550	▲ 5.77%	$0.07	$0.03		$0.100	▲81.8%
BKY	18/12/2023	0.3500	▼- 4.11%	$0.80	$0.28			
BMN	18/12/2023	2.6800	▲ 3.88%	$3.05	$1.19		$3.200	▲19.4%
BOE	18/12/2023	4.1700	▲ 9.16%	$4.98	$1.97	48.3	$4.710	▲12.9%
DYL	18/12/2023	1.0100	▲ 5.21%	$1.41	$0.48		$1.640	▲62.4%
EL8	18/12/2023	0.4500	0.00%	$0.59	$0.27			
ERA	18/12/2023	0.0370	▼-11.90%	$0.30	$0.03			
LOT	18/12/2023	0.2950	▲ 7.27%	$0.32	$0.15		$0.530	▲79.7%
NXG	18/12/2023	10.4000	▼- 1.61%	$10.80	$5.11			
PDN	18/12/2023	0.9900	▲ 4.76%	$1.15	$0.52	154.3	$1.190	▲20.2%
PEN	18/12/2023	0.1000	0.00%	$0.20	$0.08		$0.250	▲150.0%
SLX	18/12/2023	4.1600	▲ 9.47%	$5.32	$2.89		$5.800	▲39.4%



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WEEKLY REPORTS

The Short Report - 21 Dec 2023

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

Summary:

By Greg Peel

Week Ending December 14, 2023.

The only way was up for the ASX200 last week, in the wake of the Fed pivot.

From last week's Report:

"Hopefully things will go back to normal next week for the last Short Report of 2023."

They haven't. Usually when we get an ASIC data blip it corrects after one week and then things go back to normal. Not this time. The abundance of green on the table below, and the fact most of those green stocks were red last week, can lead only to the conclusion that again this is a misleading table.

Thus we can't read much into Appen ((APX)) disappearing from the table from 7.7% for example, or Mesoblast ((MSB)) from 7.3%. Even Flight Centre ((FLT)) falling to 8.4% from 10.1%.

The only two stocks seeing short position increases were uranium miner Deep Yellow ((DYL)) and rare earth miner Arafura Resources ((ARU)). These might be real.

But I have no confidence is any of it.

It's a frustrating way to end the final Short Report of 2023, as it will also distort the first Report of 2024.

I'm sorry, but that's all folks.

Weekly short positions as a percentage of market cap:

10%+

PLS 20.2
SYR 14.5
CXO 11.9

Out: FLT

9.0-9.9%

No stocks

Out: IEL, GMD, SYA

8.0-8.9%

GMD, SYA, IEL, FLT, DYL

In: FLT, IEL, GMD, SYA, DYL Out: BOQ, WBT

7.0-7.9%

PEN, WBT, BOQ, LTR

In: WBT, BOQ Out: DYL, APX, MSB, ACL, HVN

6.0-6.9%

HVN, ARU, ACL

In: HVN, ACL, ARU Out: STX, IMU, SHV, JBH

5.0-5.9%

LYC, CHN, LIC, SHV, IMU, JBH, STX, NEC, OBL, IFL, ZIP

In: SHV, IMU, JBH, STX

Out: ARU, SLX, WEB, NVX, MIN, CUV, AGL, PNV

Movers & Shakers

As noted above.

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.3	0.3	NEM	0.6	0.1
ANZ	0.4	0.6	RIO	2.2	2.0
BHP	0.4	0.3	S32	0.6	0.6
CBA	1.8	1.8	STO	1.2	0.9
COL	0.6	0.5	TCL	0.6	0.5
CSL	0.6	0.7	TLS	0.3	0.2
FMG	0.7	0.9	WBC	1.6	1.8
GMG	0.4	0.4	WDS	0.9	0.8
MQG	0.9	0.8	WES	1.4	1.4
NAB	1.0	1.1	WOW	0.3	0.3

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 Case You Missed It - BC Extra Upgrades & Downgrades - 21-12-23

Broker Rating Changes (This Week)

Upgrade

ALLKEM LIMITED ((AKE)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

With Allkem's shareholders set to vote on the company's proposed merger with Livent this week, Jarden sees the vote as asking shareholders to choose between retaining 100% exposure to Allkem's assets, or 56.1% of the potential combined assets.

The broker sees strong logic in "bringing together the complementary and proximal portfolio assets" but expects shareholders may be concerned by the potential that capital flows to the primary listing on the NYSE, effectively allowing a reverse takeover.

The rating is upgraded to Overweight from Neutral and the target price decreases to $11.40 from $12.00.

COCHLEAR LIMITED ((COH)) Upgrade to Overweight from Market Weight by Wilsons.B/H/S: 0/0/0

Wilsons has issued a 38% increase to its target price for Cochlear, so as to not allow discounted cash flow considerations to "stand in the way of making outperforming returns".

The broker points out more than a year ago it identified material pockets of fresh indication expansion unfolding in single-sided deafness and mixed or conductive hearing loss. Favourably for Cochlear, both feature reduced competitive intensity and have years left to run.

The rating is upgraded to Overweight from Market Weight and the target price increases to $318.46 from $230.84.

SANTOS LIMITED ((STO)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Prior to any Woodside Energy merger speculation, Jarden upgraded its rating for Santos (on December 6) to Overweight from Neutral after a share price sell-off.

At the time, the broker also lowered 12-month target prices across its Energy sector coverage by as much as -11%, after allowing for lower near-term oil and LNG prices, as well as a stronger Australian dollar.

The analysts' target for Santos was reduced to $7.25 from $7.85.

Following the merger talk, Jarden issued additional research on December 7, noting ACCC issues could potentially emerge (particularly in the West Coast gas market), but felt any concerns were manageable via prudent divestments.The target and rating were maintained.

WOODSIDE ENERGY GROUP LIMITED ((WDS)) Upgrade to Neutral from Underweight by Jarden.B/H/S: 0/0/0

Prior to any Santos merger speculation, Jarden upgraded its rating for Woodside Energy (on December 6) to Neutral from Underweight, following a share price sell-off.

At the time, the broker also lowered 12-month target prices across its Energy sector coverage by as much as -11%, after allowing for lower near-term oil and LNG prices, as well as a stronger Australian dollar.

The analysts' target for Woodside Energy was reduced to $30.50 from $34.

Following the merger talk, Jarden issued additional research on December 7, noting ACCC issues could potentially emerge (particularly in the West Coast gas market), but felt any concerns were manageable via prudent divestments. The target and rating were maintained.

Downgrade

AUCKLAND INTERNATIONAL AIRPORT LIMITED ((AIA)) Downgrade to Underweight from Neutral by Jarden. B/H/S: 0/0/0

Jarden highlights a favourable weighted average cost of capital (WACC) outcome for Auckland International Airport from a review of PSE4 pricing.

The review was a part of the New Zealand Commerce Commission's final decision in its seven-yearly review of the input methodologies for regulated airports.

The broker's target price for Auckland International Airport is increased to NZ$7.71 from NZ$7.53 after the analyst assumes modestly higher returns and rolls forward the financial model for the company.

Jarden downgrades its rating to Underweight from Neutral on valuation given a recent share price rally.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ALLKEM LIMITED	Buy	Neutral	Jarden
2	COCHLEAR LIMITED	Buy	Neutral	Wilsons
3	SANTOS LIMITED	Buy	Neutral	Jarden
4	WOODSIDE ENERGY GROUP LIMITED	Neutral	Sell	Jarden
Downgrade				
5	AUCKLAND INTERNATIONAL AIRPORT LIMITED	Sell	Neutral	Jarden

Price Target Changes (This Week)

	Company	Last Price	Broker	New Target	Old Target	Change
AKE	Allkem	$10.02	Jarden	11.40	12.00	-5.00%
BPT	Beach Energy	$1.62	Jarden	1.80	1.85	-2.70%
CGC	Costa Group	$3.12	Jarden	3.16	3.08	2.60%
COH	Cochlear	$298.05	Wilsons	318.46	230.84	37.96%
ENN	Elanor Investors	$1.45	Moelis	2.15	2.33	-7.73%
GNX	Genex Power	$0.17	Petra Capital	0.28	0.29	-3.51%
IEL	IDP Education	$20.50	Jarden	29.00	30.85	-6.00%
IGO	IGO	$9.02	Canaccord Genuity	7.00	8.00	-12.50%
			Jarden	10.61	13.46	-21.17%
IPL	Incitec Pivot	$2.88	Goldman Sachs	3.25	N/A	-
KAR	Karoon Energy	$2.06	Jarden	2.50	2.80	-10.71%
NEU	Neuren Pharmaceuticals	$22.99	Wilsons	27.23	22.79	19.48%
PLY	Playside Studios	$0.62	Canaccord Genuity	0.80	0.70	14.29%
PNR	Pantoro	$0.05	Petra Capital	0.13	0.14	-7.14%
REG	Regis Healthcare	$3.23	Jarden	3.35	3.21	4.36%
RGN	Region Group	$2.31	Moelis	2.54	2.66	-4.51%
RIC	Ridley Corp	$2.59	Moelis	2.87	2.64	8.71%
RRL	Regis Resources	$2.15	Goldman Sachs	1.95	1.90	2.63%
SGLLV	Ricegrowers	$6.60	Canaccord Genuity	9.60	9.45	1.59%
SPR	Spartan Resources	$0.47	Canaccord Genuity	0.65	0.60	8.33%
STO	Santos	$7.68	Jarden	7.25	7.85	-7.64%
TAH	Tabcorp Holdings	$0.86	Jarden	1.15	1.20	-4.17%
TIE	Tietto Minerals	$0.63	Canaccord Genuity	0.70	0.45	55.56%
WDS	Woodside Energy	$31.12	Jarden	30.50	34.00	-10.29%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

LNW   LIGHT & WONDER INC

Gaming - Overnight Price: $125.89

Jarden rates ((LNW)) as Overweight (2) -

Despite initial scepticism by the market, Jarden believes the aspirational target set by management at Light & Wonder for adjusted earnings (EBITDA) of US$1.4bn in FY25 is real and achievable.

Following a period of operational outperformance by the company, the broker points out the the consensus forecast is still -5% shy of this target.

Jarden sees potential for a further positive re-rate of the Light & Wonder share price to a premium multiple more akin to that of Aristocrat Leisure ((ALL)).

The Overweight rating and target price of $141.00 are retained.

This report was published on December 13, 2023.

Target price is **$141.00** Current Price is **$125.89** Difference: **$15.11**
If **LNW** meets the Jarden target it will return approximately **12%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY23:

> Jarden forecasts a full year **FY23** dividend of **0.00** cents and EPS of **158.90** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **79.23**.

Forecast for FY24:

> Jarden forecasts a full year **FY24** dividend of **0.00** cents and EPS of **372.90** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **33.76**.

Market Sentiment: **0.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

MGH   MAAS GROUP HOLDINGS LIMITED

Building Products & Services - Overnight Price: $3.94

Wilsons rates ((MGH)) as Overweight (1) -

Wilsons has assessed its Maas Group investment thesis. Construction Materials and Construction Contracting & Hire earnings expectations appear reasonable to the broker, with upside potential over the medium term based on Maas Group's historical organic growth and return on capital targets.

Residential property fundamentals in key markets for Maas remain attractive, Wilsons suggests, supporting an eventual
recovery in demand. Notwithstanding the strong recent share price performance, the broker continues to see attractive value.

Overweight retained, target rises to $4.41 from $3.75

This report was published on December 20, 2023.

Target price is **$4.41** Current Price is **$3.94** Difference: **$0.47**
If **MGH** meets the Wilsons target it will return approximately **12%** (excluding dividends, fees and charges).

The company's fiscal year ends in June.

Forecast for FY24:

> Wilsons forecasts a full year **FY24** dividend of **8.00** cents and EPS of **25.20** cents.
> At the last closing share price the estimated dividend yield is **2.03%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.63**.

Forecast for FY25:

> Wilsons forecasts a full year **FY25** dividend of **11.00** cents and EPS of **31.90** cents.
> At the last closing share price the estimated dividend yield is **2.79%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **12.35**.

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

RFF RURAL FUNDS GROUP

REITs - Overnight Price: $2.08

Moelis rates ((RFF)) as Initiation of coverage with Buy (1) -

Moelis has initiated coverage of Rural Funds with a Buy rating and $2.40 target. The fund offers exposure to institutional grade agricultural real estate, whilst mitigating operating risks generally associated with farming, the broker suggests.

Buying Rural Funds at a -29% discount to net asset value (with a 5.7% distribution yield) is a highly compelling investment
opportunity in Moelis' view.

Key catalysts include the divestment of assets to ensure the capital position remains strong, valuation uplift on capex programs,
and a recovery in the profitability of assets operated on balance sheet.

This report was published on December 20, 2023.

Target price is **$2.40** Current Price is **$2.08** Difference: **$0.32**
If **RFF** meets the Moelis target it will return approximately **15%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY24:

> Moelis forecasts a full year **FY24** dividend of **11.70** cents and EPS of **11.20** cents.
> At the last closing share price the estimated dividend yield is **5.62%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **18.57**.

Forecast for FY25:

> Moelis forecasts a full year **FY25** dividend of **11.80** cents and EPS of **11.90** cents.
> At the last closing share price the estimated dividend yield is **5.67%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **17.48**.

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

SPZ SMART PARKING LIMITED

Hardware & Equipment - Overnight Price: $0.35

Petra Capital rates ((SPZ)) as Initiation of coverage with Buy (1) -

Petra Capital initiates coverage on Smart Parking with a Buy rating and a target price of 56 cents. The company offers car parking technology solutions that has evolved into a cloud-centered service provider with a focus on automated number plate recognition solutions.

Having established a profitable business in the United Kingdom, Smart Parking is now in the early stages of penetrating the German market, which Petra Capital sees as a 140,000 site opportunity. The broker expects a "healthy stream of announcements" as the company evaluates new markets.

This report was published on December 11, 2023.

Target price is **$0.56** Current Price is **$0.35** Difference: **$0.21**
If **SPZ** meets the Petra Capital target it will return approximately **60%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY24:

Petra Capital forecasts a full year **FY24** dividend of **0.00** cents and EPS of **2.50** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.00**.

Forecast for FY25:

Petra Capital forecasts a full year **FY25** dividend of **0.00** cents and EPS of **3.40** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **10.29**.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

WC8 WILDCAT RESOURCES LIMITED

Overnight Price: $0.77

Canaccord Genuity rates ((WC8)) as Initiation of coverage with Speculative Buy (1) -

Canaccord Genuity has initiated coverage on exploration company Wildcat Resources. Since acquiring its primary asset, the Tabba Tabba lithium project, in May, Wildcat Resources has enjoyed a 3,000% share price rally.

Share price growth was helped by recent drilling results at Tabba Tabba, suggesting substantial lithium mineralisation. Given drilling results, Canaccord Genuity expects Tabba Tabba could prove another tier 1 lithium asset, and feels a resource in the region of 100m tonnes for the Leia, Chew, Han and Hutt pegmatites is a realistic initial goal.

The broker initiates with a Speculative Buy rating and a target price of $1.15.

This report was published on December 19, 2023.

Target price is **$1.15** Current Price is **$0.77** Difference: **$0.38**
If **WC8** meets the Canaccord Genuity target it will return approximately **49%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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