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WEEK 16

Friday, 19 April 2024

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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:
Greg Peel, Danielle Austin, Mark Woodruff & Sarah Mills

AUSTRALIA

The Market In Numbers - 13 Apr 2024

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	12 Apr 2024	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2024)	Financial Year To Date (FY24)
NZ50	11931.320	-0.67%	-1.44%	-1.44%	1.37%	0.12%
All Ordinaries	8050.20	0.30%	-1.27%	-1.27%	2.82%	8.76%
S&P ASX 200	7788.10	0.19%	-1.38%	-1.38%	2.60%	8.12%
S&P ASX 300	7742.40	0.21%	-1.34%	-1.34%	2.74%	8.17%
Communication Services	1529.50	-0.92%	-3.14%	-3.14%	-3.70%	-0.51%
Consumer Discretionary	3490.80	-0.52%	-3.48%	-3.48%	7.73%	18.59%
Consumer Staples	11958.60	-1.40%	-3.23%	-3.23%	-2.86%	-10.04%
Energy	10799.90	-1.08%	0.24%	0.24%	1.67%	-0.26%
Financials	7288.90	-0.88%	-2.28%	-2.28%	8.49%	17.19%
Health Care	42216.70	0.05%	-2.81%	-2.81%	-0.29%	2.24%
Industrials	7169.40	1.23%	-0.16%	-0.16%	4.42%	5.49%
Info Technology	2170.90	0.10%	-4.66%	-4.66%	18.44%	18.66%
Materials	18410.00	2.90%	2.61%	2.61%	-5.54%	2.10%
Real Estate	3608.80	-2.05%	-5.95%	-5.95%	7.80%	18.56%
Utilities	8640.30	2.92%	4.30%	4.30%	5.63%	-1.08%
A-REITs	1638.10	-2.15%	-6.05%	-6.05%	9.03%	20.92%
All Technology Index	3028.40	1.53%	-2.17%	-2.17%	12.41%	25.32%
Banks	3020.40	-0.92%	-2.10%	-2.10%	8.67%	20.97%
Gold Index	7902.80	4.74%	9.12%	9.12%	7.26%	19.41%
Metals & Mining	6060.40	3.52%	3.75%	3.75%	-6.28%	0.05%

The World

Index	12 Apr 2024	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2024)	Financial Year To Date (FY24)
FTSE100	7995.58	1.07%	0.54%	0.54%	3.39%	6.16%
DAX30	17930.32	-1.35%	-3.04%	-3.04%	7.04%	11.04%
Hang Seng	16721.69	-0.01%	1.09%	1.09%	-1.91%	-11.60%
Nikkei 225	39523.55	1.36%	-2.10%	-2.10%	18.11%	19.09%
DJIA	37983.24	-2.37%	-4.58%	-4.58%	0.78%	10.39%
S&P500	5123.41	-1.56%	-2.49%	-2.49%	7.41%	15.12%
Nasdaq Comp	16175.09	-0.45%	-1.25%	-1.25%	7.75%	17.31%

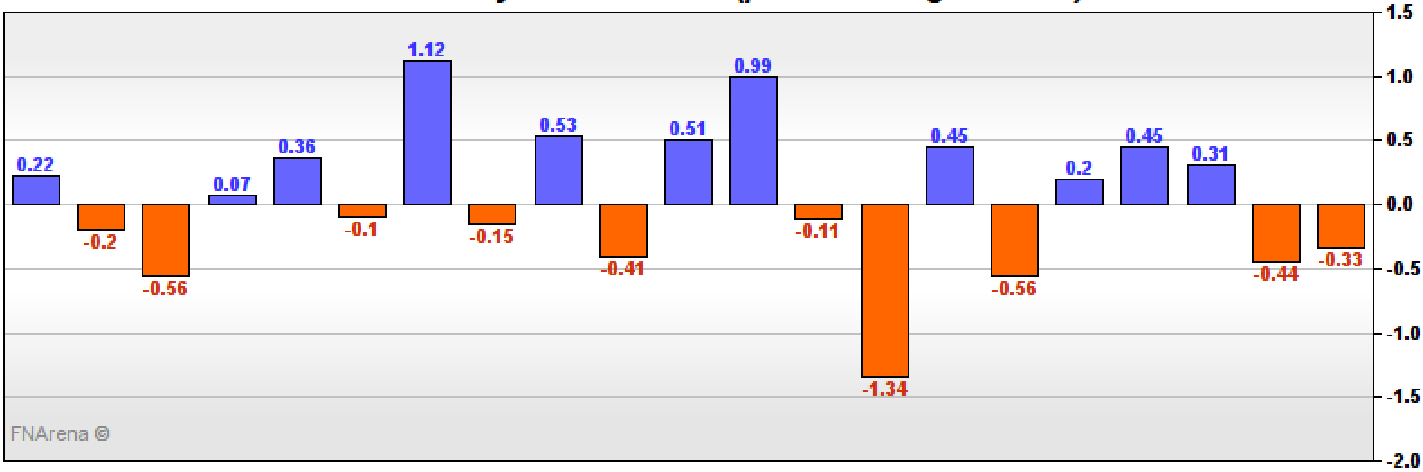
Metals & Minerals

Index	12 Apr 2024	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2024)	Financial Year To Date (FY24)
Gold (oz)	2371.40	3.55%	8.08%	8.08%	15.99%	24.28%
Silver (oz)	28.28	5.48%	15.05%	15.05%	16.00%	25.52%
Copper (lb)	4.2525	0.72%	6.51%	6.51%	11.67%	14.41%
Aluminium (lb)	1.1174	1.40%	7.59%	7.59%	14.92%	16.66%
Nickel (lb)	7.9817	0.50%	6.57%	6.57%	7.32%	-10.32%
Zinc (lb)	1.2555	5.73%	13.97%	13.97%	11.64%	19.73%
Uranium (lb) weekly	88.75	2.90%	0.85%	0.85%	3.20%	57.92%
Iron Ore (t)	104.71	4.83%	3.05%	3.05%	-24.25%	-8.08%

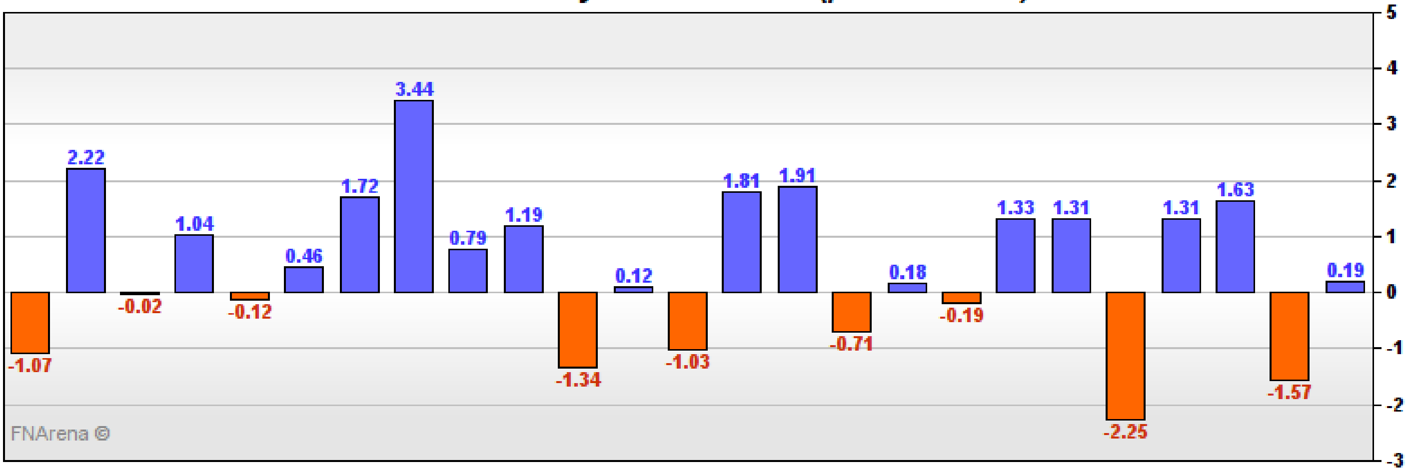
Energy

Index	12 Apr 2024	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2024)	Financial Year To Date (FY24)
West Texas Crude	85.02	-1.99%	4.04%	4.04%	15.19%	21.70%
Brent Crude	90.23	-0.75%	4.49%	4.49%	13.84%	21.42%

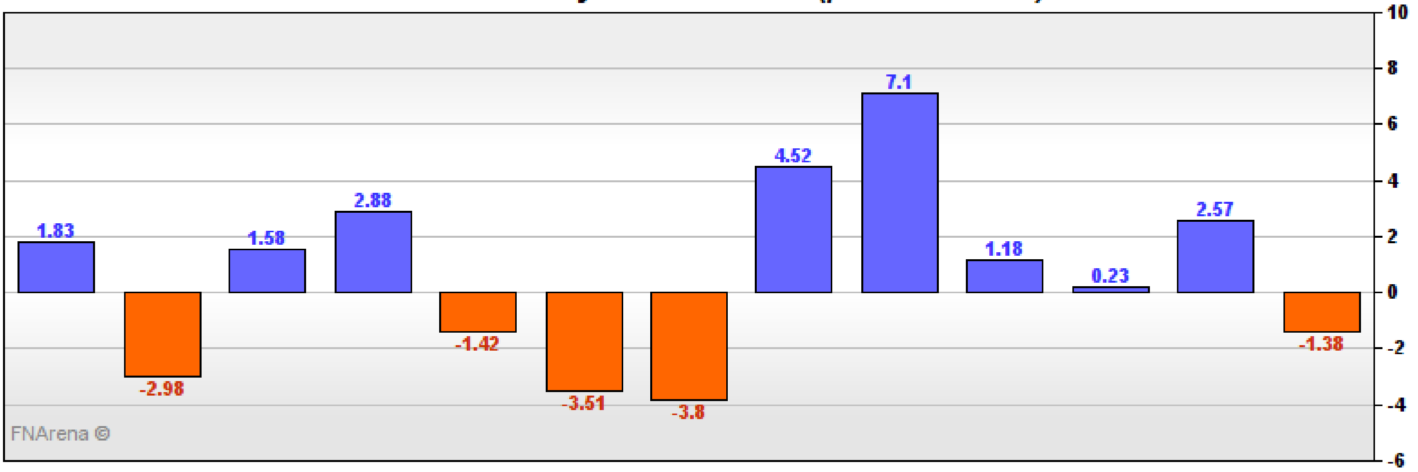
ASX200 Daily Movement in % (past 21 trading sessions)



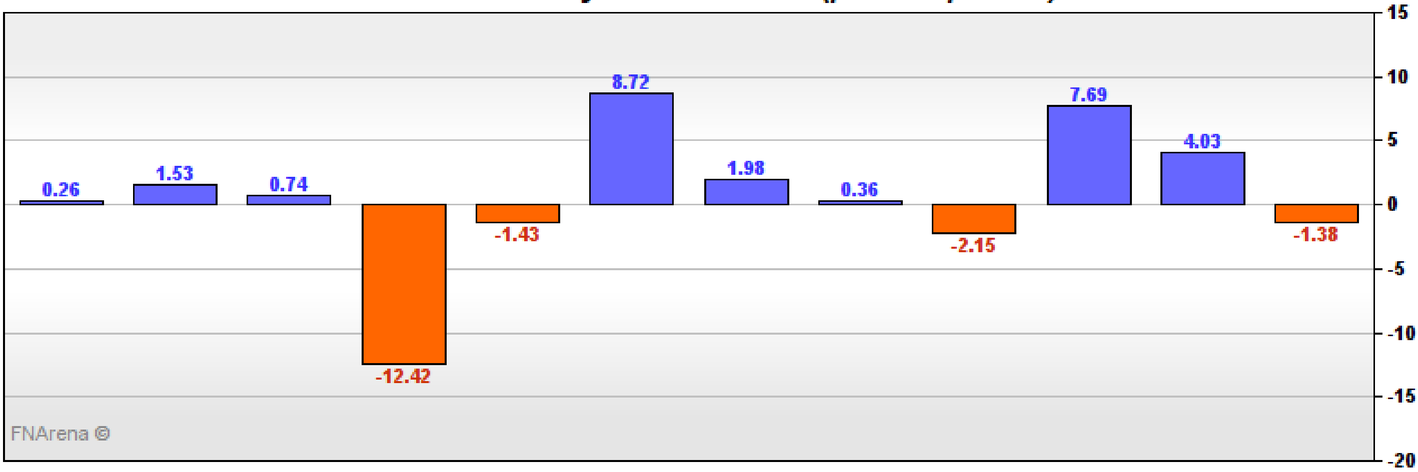
ASX200 Weekly Movement in % (past 25 weeks)



ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



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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AUSTRALIA

Webjet's B2B Opportunity

Already bullish brokers gain further confidence from Webjet's strategy update for WebBeds.

-Brokers buoyant on the outlook for Webjet
-More a B2B platform than online travel agency, says Jarden
-Management outlines clear targets for WebBeds
-Technology a key differentiator

By Mark Woodruff

Brokers came away from digital travel business Webjet's ((WEB)) strategy day for WebBeds in March buoyed by the business-to-business (B2B) opportunity and long runway for growth.

Management provided detailed stepping stones to an explicit total transaction value (TTV) target of $10bn for the WebBeds division by FY30, which had analysts scrambling to raise 12-month target prices for Webjet.

Guidance for $4bn of B2B TTV in FY24, $5bn in FY25 and the $10bn by FY30, all exceeded Morgan Stanley's expectations, implying an ongoing rebound in leisure travel and share, and a tailwind for near-term earnings. The $10bn target is two years earlier than Ord Minnett anticipated.

The company has two key business units: Business to Consumer (B2C), which consists of Webjet, Australia's number one online travel agency (OTA), and GoSee, a consolidated marketplace for car and motorhome rentals in Australia and New Zealand; the B2B operation is called WebBeds, which Morgans notes is the world's second largest and fastest-growing accommodation supplier to the travel industry.

WebBeds is a digital global travel marketplace which connects sellers (hotels) with buyers (travel businesses and then ultimately travellers). Major competitors in the B2B space include HotelBeds and Expedia.

Morgans attributes WebBeds success to scale of suppliers (circa 430,000 hotels across the world) and around 44,000 customers, and Shaw and Partners notes the division has consistently grown 20%-30% above market.

Webjet has only around 5.4% of the B2B market and 0.65% of the total accommodation market, points out UBS, and is well placed to continue gaining share in a fragmented market.

Jarden believes **the Webjet business is wrongly viewed as an online travel agent** rather than a high return on invested capital (ROIC) global B2B platform growing at a more than 30% compound annual growth rate (CAGR), with multiple opportunities to accelerate growth into FY25.

A far back as FY23 results in May last year (the company has a March year-end), Jarden assumed success for management's less-detailed $10bn target for WebBeds, noting that if the division were to trade at an around -50% discount to global B2B platform peers, and the balance of Webjet's operations traded in line with OTA peers, a share price north of $9.00 was on the cards.

The current share price is still trading at around $8.34, and this broker raised its target to $9.55 from $8.80 following the WebBeds strategy update based on near-term momentum, as management is on track for its $5bn of WebBeds TTV in FY25.

The analysts also highlighted the Americas region is performing strongly, with more than $900m of TTV opportunity in South America, while the US is benefitting from system consolidation. Suppliers are consolidating B2B operators, which is considered a positive for Webjet as it is a top five global player.

The company is targeting near-term growth in North America and Eastern Europe and broad-based growth across Asia, explained Wilsons. Management indicated China, India and South Korea should provide the largest contributions to growth, while South America largely remains a "post-FY25" opportunity.

Management is making significant investment into plans to lift conversion, which drove around 9% of the company's 31% growth in the first half of FY24, noted Jarden.

Ord Minnett highlighted the importance of the return of outbound holiday demand by Australians to pre-covid levels. It's felt the B2C division is being overlooked by the market given Webjet generates much higher returns from these bookings compared to domestic.

Technology

The company explained the FY30 TTV target is underpinned by the existing customer base growing in line with the market, new customer wins and improved conversion via technology.

A material opportunity exists via converting traffic into transactions through investment in technology, according to Citi.

Webjet has been a structural winner post-covid, explained Ord Minnett, due to a combination of this investment in technology, the inability of smaller players to compete and the growth in OTA's/Super Apps buying through wholesale channels.

Shaw and Partners noted technology solutions like Roomdex differentiates Webjet from other bedbanks as the relationship with hotels becomes less transactional and more to do with business partnering.

The Outlook

Despite upcoming macroeconomic risks, Macquarie could see a further recovery in Australian international capacity, travel demand and activity levels, but downgraded its rating for Webjet to Neutral from Outperform on valuation after raising the target by 6% to $8.88.

For the nearer-term, Citi felt the current macroeconomic backdrop should continue to assist with hotel prices and nights per transaction both currently increasing simultaneously. While conversion of existing traffic should be a material contributor, it's believed the main opportunity for new customer wins resides in both the US and the APAC region.

Morgans expects the next catalyst will be FY24 results on May 22 when management is expected to release its capital management policy given the currently strong balance sheet.

While domestic leisure demand appears to have emerged higher in the post-pandemic period, and Citi is yet to see any signs of softening, the broker remains cautious this demand may mean revert.

In the wake of the WebBeds strategy day, the average target price of seven covering brokers for Webjet in the FNArena database increased to $9.43 from $8.45, suggesting just over 13 % upside to the latest share price. There are five Buy (or equivalent) ratings and two Neutral ratings.

Outside of the database, where research is not updated daily, Wilsons and Jarden have Buy (or equivalent) ratings and an average target of $9.84.

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AUSTRALIA

Japan Drags On Domino's Growth Profile

Domino's Pizza's rapid covid era expansion in Japan has led to difficulties, impacting on store rollout and sales growth plans.

-Domino's Pizza facing problems in Japan and France
-A&NZ and Germany holding the fort
-Store rollout plans paused
-Investment in products and marketing to increase

By Greg Peel

Domino's Pizza Enterprises ((DMP)) holds franchise rights for the Domino's brand in Australia, New Zealand, Belgium, France, the Netherlands, Japan, Cambodia, Germany, Luxembourg, Denmark, Taiwan, Malaysia, and Singapore.

Domino's rapidly expanded its Japanese store network during covid when sales boomed, growing to over 1000 stores from 600 in June 2019. Post pandemic, however, that expansion is coming with severe growing pains, with many of the network stores immature and still establishing themselves in their respective markets.

This was the story from Domino's investor day last week.

By contrast, some of Domino's largest markets, including Australia and Germany, are performing strongly, Ord Minnett notes, which should increase the appetite for new store openings.

Management flagged its organic store growth target of 7-9% will be difficult to achieve in FY25. Store openings and same store sales growth have been the key growth drivers for the business in the past, Macquarie notes. With same store sales targets of 3-6%, and store opening targets now unlikely to be achieved, this changes the growth profile of the business.

Store growth is a key feature of the Domino's investment thesis, UBS points out, but it's a long way to go to the target of 7100 stores, up from 3841 currently, while Domino's market share is low.

The markets with significant store growth headroom (France, Japan, Malaysia, Taiwan) are not performing well, finds UBS, with Germany the only high headroom market performing well, while strong performing markets have less store growth potential (Australia/New Zealand, Singapore).

What to Do?

Domino's outlined detail on its addressable market and plans to grow share via product quality, delivery speed, marketing and meal occasions, with an opportunity to reduce delivery costs by -30%.

In Japan, a lower entry price point has not stirred a consistent lift in volumes, Petra Capital notes. The launch of a "from JPY790" range is not resonating with carry-out customers -- a key market segment in Japan. The longevity benefit of promotions is questionable; and current inconsistent trends means it will likely take longer to lift weekly store orders volumes from 500 to be consistently at 600, as is the goal. This in turn has bearing on the store reopening horizon.

It now seems possible there could be several store closures in Japan, Citi suggests, which could result in investors questioning the rollout potential in this market and/or mean that 2033 store targets (2,000 stores in Japan by 2033 versus 1,015 now) are more challenging to achieve.

While some new prefectures are relatively immature and as a result sales have underwhelmed, Citi questions whether consumers in some of these newer prefectures are less inclined to consume pizza relative to the more mature prefectures of Tokyo, Nagoya, Osaka for more structural reasons such as lower incomes or different tastes (see: raw fish).

Global franchisee profitability has fallen to $95,000 per store from $130,000. Management noted its intention to return to profitability of $130,000 which it believes will reignite store opening growth. For it to achieve this, it will need to grow revenue through new products with improved margin profiles, penetrating new markets and bringing cost out of the business without sacrificing quality.

Macquarie believes this brings upside risk to costs as Domino's reinvests in its franchisees, R&D, and marketing costs.

Growth Potential

Domino's plans to pause its store rollout in Japan, as a result it will miss its 7-9% store rollout target in both FY24 and FY25.

Qualitatively, the company noted a shift from a focus on being a digital leader (albeit still important) to focusing more on products, though Goldman Sachs believes that with increasing complexity across 12 markets, digital leadership is foundational for the company to maintain its strategic moat, including product innovation.

The lack of focus/investment on building a leading omni-channel first party consumer data platform, analytics, and scalable use-cases has underwhelmed Goldman Sachs, and this broker retains a Neutral rating.

Little was said about France at the investor day, with management saving the news there for its European updates.

Despite slower rates of store growth and a challenged performance in key store growth markets, UBS believes there remains significant growth potential in same store sales led by Australia/New Zealand now and global store growth in the long term. For now, UBS sticks with Hold.

Citi (Neutral) left last week's investor day more cautious on the company's immediate *and* longer-term rollout prospects, which could have implications for the stock's premium multiple.

While commentary for A&NZ/Germany remains upbeat and restructure savings are still on track, with Japan misfiring, combined with continued challenges in France, Malaysia, Taiwan and the Netherlands, Petra Capital takes a more cautious stance, downgrading to Hold from Buy.

The issues facing some of the key markets for Domino's have not improved, Macquarie (Neutral) suggests, with the slowdown in France and Japan appearing to be structural. With a slower store rollout, this broker believes growth in the business will be muted over the next couple of years as Domino's reinvests in the franchise.

Barrenjoey notes Domino's is now a complex business with significant execution risk across multiple countries. This broker pushes out its margin recovery forecast even further which reduces FY24-26 earnings forecasts.

Barrenjoey nevertheless retains Overweight, feeling the market is capitalising cyclically low earnings on a discounted multiple, while acknowledging its thesis could take time to play out.

Jarden (Overweight) believes the worst is behind Domino's, having taken steps to improve the cost base, franchise profitability and value proposition, but Japan will take time. Ultimately, Jarden views the decision to slow the near-term rollout in Japan as positive long term in that it should be ROIC-accretive (return on investment capital), with Domino's reiterating long term targets.

That, coupled with improving same store sales growth across A&NZ and Germany, gives Jarden confidence earnings will reaccelerate, with FY25 to be materially stronger.

Ord Minnett suggests the outlook for new stores remains robust. In Germany and France Domino's only covers about a third of the large opportunity, with only 1% of the fast food market, compared to Australia's 5%, New Zealand's 4% and the Netherlands 3%.

Ord Minnett retains an Accumulate rating.

Six brokers monitored daily by FNArena cover Domino's, but Morgan Stanley (Overweight) and Morgans (Hold) have not piped up since the investor day. As it stands, there are two Buy or equivalent and four Hold ratings on the stock with a consensus target price of $49.92, down from $50.42 previously, which implies 33% upside.

Targets range from $41.00 (Macquarie) to $61.00 (Ord Minnett), if we don't count Morgan Stanley's February target of $68.00.

Among brokers not monitored daily, Petra Capital has cut tits target to $40.80 from $47.50, Jarden to $48.00 from $49.00 and Barrenjoey to $51.00 from $56.00.

Goldman Sachs retains $39.70.

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AUSTRALIA

Award-Winning Hub24

Wealth platform Hub24 has marked a record March quarter of inflows but will see revenue margins fall from here.

-Hub24's net inflows a record for a March quarter
-EQT migration slower than expected
-Cash levels and tiered fees to drag on margins

By Greg Peel

During the March quarter, wealth management platform operator Hub24 ((HUB)) achieved a number of business and operational highlights, Moelis informs. This included being awarded Best Overall Platform for the second year in a row, and several best-in-class awards in the Investment Trends Platform Competitive Analysis & Benchmarking survey.

Hub24 also ranked number one in 24 of the 53 key platform benchmarking subcategories.

This despite funds under administration (FUA) inflows for the quarter appearing at face value to fall well short of broker forecasts. However, there's a catch.

Hub24 is in the process of migrating customers of Equity Trustees (EQT) onto its platform, with a value of some $4bn. The migration has proved a slower process than brokers expected, with only $800m migrating in the March quarter when forecasts were for up to $1.5bn. So the miss was simply a timing issue.

Management has informed the June quarter will see $1.7-3.0bn of further migrations and the September quarter will wrap up the remaining $0.2-1.3bn.

Excluding the EQT migration, core net inflows for the quarter totalled $2.7bn – a record for a March quarter -- which was around about where broker forecasts lay. That's an increase of 47% year on year.

Total funds under administration (FUA) was boosted by a 5.2% contribution from market movement in the quarter.

Improved market sentiment has led to an acceleration in net flows, Macquarie notes. The strong March quarter lays a platform for a good end to the year, although near-term pipeline commentary was more measured than the broker expected.

With large transitions adding more than $6bn in FY24-25 and market movements adding some $6.3bn in the nine months to March, Hub24 is currently tracking above the top-end of its FY25 FUA guidance of $92-100bn.

Revenue Drag

While brokers anticipate further positive flows in the June quarter, management has warned of lower revenue margins ahead.

Customer cash levels are understood to have stabilised at below 8% of FUA. While that's below historical 8-12% ranges, Wilsons considers it important to reflect that with strong positive market movements – up 4.5% in the December quarter and 5.2% in March -- cash, unlike equities, doesn't increase in value, naturally leading to a dilutionary impact.

Wilsons expects the pooled cash interest revenue is still growing, albeit at a rate lower than FUA growth and thus weighing on reported second half platform margins and the rate of earnings margin expansion this year.

The other aspect is that of the platform's tiered administration fee system, which reduces admin fees on market strength.

While not a new feature, management reminded investors stronger markets result in lower revenue margins due to the impact of admin fee tiering. This, combined with lower average cash balances, will result in reduced revenue margins.

Valuation

Even without further large transitions (such as EQT), Jarden believes Hub24 is on track to deliver above its $92-100bn platform FUA target by FY25, subject to normalised market returns.

While this underpins an earnings growth outlook in excess of 30% in FY25, even allowing for slightly lower admin fees, with the shares trading at a 37x FY25 PE relative to the broker's forecasts for a 15% three year compound earnings growth rate thereafter, Jarden believes value upside in the short term is more moderate and retains a Neutral rating and an unchanged $41.75 target.

Moelis has slightly different numbers on its estimates, which suggest a 24% three-year earnings growth rate and an FY25 PE of 35x.

The investment thesis continues to be driven by a strong positioning as one of the leading specialist platform providers, Moelis notes, in an industry with favorable macro tailwinds. However, this broker believes at present these factors are well understood by the market and factored into valuations.

Moelis therefore maintains a Hold rating and target price of $41.50.

UBS notes underlying platform flows continue to improve and were ahead of the broker's forecasts in a seasonally softer quarter. But UBS points to above-noted earnings headwinds in the second half in retaining Neutral and a target of $41.00.

Macquarie suggests various valuations for Hub24 remain elevated, but are looking less stretched with the recent market pullback, including yesterday's market-wide thumping, which has seen the share price fall from $42.87 a week ago to $39.61 at the time of writing.

Macquarie notes Hub24 is trading at -14.5% price to earnings growth ratio discount to rival Netwealth Group ((NWL)) but retains Neutral with a target increased to $39.40 from $37.20. Macquarie has Underperform on Netwealth.

Ord Minnett's assessment is that underlying net flow momentum is improving, which is positive for the platform's market share, revenue and earnings momentum. In that context, this broker expects Hub24 to continue to generate exceptional growth and is forecasting compound earnings growth of 26% over the next three years.

Ord Minnett believes Hub24 remains well placed to increase market share and returns to shareholders in the Australian wealth platforms market, and retains a Buy rating, with a target increase to $44.00 from $42.00.

Morgan Stanley this morning provided one of its "first glance" style assessments of Hub24's quarter, suggesting simply it sees upside risk to June quarter net inflows based on higher seasonal flows and buoyant markets and hence Overweight retained with a $44.00 target.

With a healthy outlook and stability in pooled cash levels appearing, Wilsons' forecasts see minimal changes, with a revised target of $44.69 continuing to underpin an Overweight call.

[dianomi_video]

AUSTRALIA

Bank of Queensland: Beautiful One Day

Bank of Queensland's result beat forecasts but brokers claim low quality, and line up to retain Sell ratings.

-Bank of Queensland H1 beats on earnings
-Brokers point to low quality
-Management's targets set to be lowered
-Digital transformation offers execution risk

By Greg Peel

Brokers assume the market must have held rather underwhelming expectations for Bank of Queensland's ((BOQ)) first half earnings result released yesterday given the surprisingly positive response in share price (+5.2%).

It is true that cash earnings, which were down -33% year on year, came out better-than-expected but it is agreed the 'beat' was of low quality, driven partly by lower bad debts, temporary margin tailwinds and slower expensing of investment spend.

The 17c dividend was either in line with or better than brokers had estimated.

Net interest income (NII) contributes around 91% of Bank of Queensland's revenue compared to 78- 85% for the major banks, Morgans notes. NII, which was down -6% on the prior half, was in line with expectations, albeit with a higher net interest margin (NIM) than the majors, down -3 basis points to 155bps, and lower interest earning assets, down -2% half-on-half, than forecast.

Return on equity fell -40 basis point to 5.8%.

Management expects "margin pressure to moderate in the second half", but Morgan Stanley believes the better-than-expected margin was largely due to lower liquidity. While the outlook commentary provides some reassurance that a three-year period of significant margin decline has come to an end, this broker does not expect much of a revenue recovery over the next twelve months.

Going Digital

Brokers agree the regional lender's digital transformation program is a positive long-term strategy, aiming to deliver a lower cost, but remain wary of both the high degree of execution risk and the potential for going over budget on investment spend, as has often been the case historically when banks undergo such large-scale initiatives.

The structural headwinds for the bank are still fairly obvious in UBS' view, notably around NIM declining, operational expense rising, and the ability to effectively price and compete (grow) in a higher interest rate, commoditised, competitive landscape. The key question for UBS is where to from here on regulatory risks and strategy delivery.

Brokers agree management's FY26 targets of a cost to income ratio of 50% and better than 9.25% return on equity are likely to be lowered.

The bank's targets are premised on a reversal of cyclical factors including margin compression, Goldman Sachs notes, which if structural, would present additional challenges to an already challenging target.

Citi agrees FY24 is likely to be the bottom for the current earnings contraction cycle. Therefore, looking forward, it will be the medium-term outlook that will drive the share price, and this is where uncertainty for investors has increased.

Management conceded there is no discernible path to the FY26 targets. With these targets likely to be relinquished in the second half, this creates uncertainty around future returns for a bank with a too-high cost of funds trying to compete in very competitive asset markets, Citi warns.

Management appears to be accepting the difficulty in achieving FY26 targets, Macquarie agrees. While this shouldn't surprise the market, given the structurally challenging operating environment for a small player with a weak deposit franchise, this broker continues to see a large risk to consensus numbers in FY25-26, particularly if rates stay higher for longer.

Management now concedes reaching the targets requires margin expansion, which may no longer be on the cards, says Jarden. Hence, management is considering other options such as a "bolder simplification" cost-out program, which the broker expects to hear more about at the full-year results.

[dianomi_video]

Bad Debt Risk

While the loan-loss charge was low, leading asset quality indicators deteriorated, JPMorgan notes, with 90-day arrears rising across all portfolios and new impaired assets up half-on-half. At this stage, the deterioration is largely as the broker would expect, but this should contribute to normalisation of loan losses in coming periods.

Capital was broadly in line with JPMorgan's expectation, but while the CET1 ratio was at the top end of the guidance range, there is no capital surplus and low profitability will necessitate Bank of Queensland capping its growth ambitions, in this broker's view.

The first half result lacked positive catalysts, says Macquarie, which about sums things up.

No Love

Last week Ord Minnett, whitelabeling Morningstar research, suggested Australian banks will raise margins via changes to loan and deposit pricing to counteract low credit growth, softer net interest margins, and an increase in short-term loan losses over FY24.

Bank of Queensland is the broker's preferred regional bank and attracts an Accumulate rating.

Ord Minnett (Morningstar) is looking very lonely, but has not yet updated on yesterday's result.

All of the other five brokers monitored daily by FNArena have a Sell or equivalent rating on the stock. Goldman Sachs and JPMorgan also have Sell, while Jarden is 'brave' enough to retain a Neutral rating.

The consensus target among the six daily-monitored brokers is $5.66, suggesting over -7% downside. However, take out Ord Minnett's $8.00, which may yet be revised, and consensus is $5.19.

Goldman Sachs has a $5.44 target, JPMorgan has $5.00 and Jarden has lifted its target to $5.80 from $5.70.

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COMMODITIES

Oil Price Surge Not Expected

ANZ Bank analysts do not see the weekend's attack on Israel by Iran as sparking a new surge in oil prices.

-Oil price response to attack muted
-Geopolitical risk premium already priced in
-Plenty of spare capacity to offset any supply disruption

By Greg Peel

Iran's attack on Israel on the weekend brought about only a muted increase in oil prices. ANZ Bank analysts put this down to two reasons.

Firstly, a geopolitical premium has already been applied to oil prices since October 7 when Hamas attacked Israel. Given Hamas is backed by Iran, the market's concern remains that a disruption/sanctions on Iranian oil supply would lead to a surge in prices.

Israel's bombing of the Iranian consulate in Syria in early April, for which last weekend's attack on Israel was retaliation, served only to escalate that fear. That attack did not come out of the blue, being well flagged by US intelligence days beforehand.

The impact of that retaliation was therefore already priced in. Also priced in was ongoing tit-for-tat destruction of Russian and Ukrainian oil/power facilities, which has been in train for some time.

The fear now is Israel retaliates against the retaliation, despite suffering negligible damage from the attack. That would likely lead to war with Iran, and that would put further pressure on oil prices.

But as ANZ Bank notes, there is ample spare oil capacity ready to be utilised should supply be disrupted. OPEC-Plus recently reiterated its supply policy, with recent production cuts extended until the end of June. However, that leaves it with approximately 6.5mbpd of spare capacity. Most of this could be quickly brought online should disruptions emerge.

ANZ is thus maintaining its short term (0-3 month) price target for Brent crude at US$95.00/bl.

Brent rose 0.25% in Friday night's trade to US$90.45/bbl.

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

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COMMODITIES

Material Matters: Base Metals, Coal & Iron Ore

Base metal pricing aided by Russian bans along with decarbonisation tailwinds; plus price forecasts for coal and iron ore.

-Bans on Russian metals may lend upside price support
-Decarbonisation tailwinds for base metals
-Price forecasts for coking coal and iron ore

By Mark Woodruff

Bans on Russian base metals

Morgan Stanley and UBS see some upside price support for aluminium, copper and nickel following new UK and US restrictions banning Russian deliveries produced on or after April 13 to the London Metal Exchange (LME) and the Chicago Mercantile Exchange (CME) warehouses.

This action is in response to Russia's invasion of Ukraine in 2022, and is the first blanket ban of Russian metal onto these globally significant exchanges, notes UBS.

The US is also banning Russian imports of all three metals in the new restrictions, but Morgan Stanley points out there is very little Russian material currently entering the US.

Noting these limitations do not stop the trade of Russian metal between one company and another, Morgan Stanley anticipates some temporary upside price pressure if traders and users become less willing to handle Russian material, leading to disruption of broader trade flows.

As existing Russian metal is unaffected, and any metal currently held off-exchange could in theory be put onto exchange, it is very difficult to get a sense of potential volumes, concedes the broker.

Regarding global production of aluminium, refined copper, mined nickel and refined (class 1) nickel, Russia accounts for around 5%, 4%, 5.5% and 16%, respectively, highlights Morgan Stanley.

Less Russian metal on the LME over time could support prices, suggest the analysts, who also draw attention to a recent Bloomberg article stating some contracts include clauses specifying they will be void if the metal ceases to be LME-deliverable.

UBS points out China is responsible for 51%, 50% and 61%, respectively, of primary aluminum, copper and nickel demand, and displays limited adherence to western sanctions, as demonstrated by recent actions in the oil market. It’s felt the overall supply-demand balance should remain unaffected, albeit less efficient.

Already, China has been taking on an increasing share of Russian metals, highlights Morgan Stanley, pointing to a redirection of global trade flows over time, which has potential to boost premiums for non-Russian metal more structurally. Russian aluminium is also still flowing to Europe and Asia.

Potential disruption to base metals markets aligns nicely with the UBS preference for copper and aluminium over bulk commodities.

From among the large cap diversified miners, UBS reminds investors Buy-rated South32 ((S32)) is the most leveraged into base metals, followed by Rio Tinto ((RIO)).

Pure-play exposure to copper, nickel and aluminium may be achieved via Neutral-rated Sandfire Resources ((SFR)), Nickel Industries ((NIC)) and Alumina Ltd ((AWC)), points out the broker. The latter two companies are not currently under research coverage by UBS.

Already, a positive view on gold by UBS is supported by ongoing geopolitical tensions between Russia and the West, and any escalation in the Middle East.

Decarbonisation tailwinds for base metals

Over the past 12 months, capex estimates for base metals miners have risen the most within the global mining sector, highlights Citi, as companies focus on metals which are enablers for global decarbonisation.

Amid property sector headwinds, the broker believes China will accelerate support for metal-intensive green industries such as renewables, electric vehicles, and the power grid to help meet growth targets, thereby underpinning manufacturing activity and metals demand.

Citi suggests the worst impact of the global rate tightening cycle is in the rear view mirror, with copper consumption remaining resilient.

The broker is still bullish on copper due to its secular demand story, broader growth exposure, and tight supply backdrop.

There has been a rebound in global manufacturing sentiment led by the US and China, explain the analysts, which has lifted long copper positioning and prices.

Overall, capex growth for the global mining sector should moderate to around 4% in 2024, according to the broker's forecasts, following growth of 9.7% per annum over the last three years.

Despite consistent increases in recent years, total global mining capex is still -17% short of the peak attained in 2012. Underinvestment for many years has resulted in a lack of volume growth, explains Citi, despite a number of new projects around the globe.

Sector aggregate capex estimates have been revised higher for 2024 and 2025 by 8.4% and 11.6%, respectively, compared to estimates six months ago, with capex expectations rising most for precious metals followed by base metals.

Price forecasts for coking coal and iron ore

Global coking coal prices have recently collapsed on supply recovery and demand weakness, with the Australia prime hard coking coal (PHCC) benchmark falling by around -US$100/t so far this year to reach the lowest level since July 2023.

Seaborne coking coal weakness has stemmed from ongoing weakness in the Chinese steel market, explains Citi, amid consecutive rounds of metallurgical coke price cuts.

While robust demand out of India (which helped push prices above US$350/t in the fourth quarter of 2023) is expected to ease heading into the country’s general elections, the broker suggests the selloff is overdone, and expects restocking will emerge and support prices for coking coal over the second and third quarters of 2024.

Economic activity should pick up again after the Indian election, with pre-monsoon restocking also poised to support imports. The Chinese steel market too has shown some signs of bottoming as margins recovered on rebounding steel product prices and weak raw material prices, while blast furnace operating rates have also ticked-up.

Imports to China have been very sensitive to prices and opportunistic buying should emerge in the low-US$200/t range, predicts the broker, as was the case in the past two summers.

The outlook also looks constructive for coking coal prices in the last quarter of 2024 and the first quarter of 2025, with Citi analysts pointing to heightened weather disruption risks in Queensland from a potential shift to La Nina.

Citi’s 0-3 month coking coal forecast is US$250/t for Australian premium hard coking coal, rising to US$275/t on a 6-12 month view. Estimates for thermal coal for the corresponding periods are US$135/t and US$150, respectively.

Regarding iron ore, improving steel margins amid rising steel output have lifted prices by circa US$10/t from the recent trough to around US$106/t, though inventories at Chinese ports are higher, which could cap near-term price upside, suggests Citi. It’s thought an absence of further policy easing in China could also limit any rally.

In an incentive for steel mills to restart, raw material prices have fallen faster than steel prices, highlight the analysts.

A gradual turn in activity could drive prices to the broker’s 0-3m target of US$120/t over the next three months.

Citi’s 6-12 month forecast for the iron ore price remains at US$100/t, while further out the US$85/t forecast for FY26 is also maintained.

COMMODITIES

Material Matters: Gold, Gold Stocks & Rare Earths

Potential upside as gold stocks bridge the gap to a surging gold price; plus rising rare earths price forecasts.

-Operational leverage to propel lagging gold stocks higher
-Potential 25% upside for the gold price over the next 6-18 months
-Evolution Mining is Citi's key pick, copper exposure a bonus
-Higher rare earths forecasts over 2025, prior to 2026 deficits

By Mark Woodruff

Equities to bridge the gap to rising gold prices

The lagging Australian gold sector, relative to the physical gold price, will outperform over the medium-term based on the sector's long-run tendency to outperform gold during bull markets, predicts Wilsons.

An attractive opportunity beckons to invest in the sector, suggests the broker, at a time when valuations are trading at a historical discount, aggregate company guidance has been lowered to realistic levels, and consensus earnings momentum is poised to turn positive, in line with the rising gold price.

Even after a recent surge, Wilsons maintains a positive outlook for the gold price - currently trading at around US$2,382/oz.

Citi agrees on the positive outlook, noting an eventual Federal Reserve interest rate cutting cycle and lower long-term yields could provide a more than **25% kicker towards US$3,000/oz over the next 6-18 months**.

Gold prices have surged despite several headwinds.

Financial gold demand seems to be playing catch-up with robust physical demand, highlight the analysts at Citi, after prices jumped higher in recent weeks despite a material increase for real/nominal yields, a rallying US dollar and more hawkish Federal Reserve pricing in short-term interest rate markets.

These rate markets are now implying less than two interest rate cuts for 2024 against the March average of three cuts, and early-2024 expectations for six to seven cuts, yet gold has rallied to all-time highs.

On balance, this suggests ongoing Federal Reserve pricing (the broker doesn't believe hikes are on the table) is likely to be more bullish for precious metals markets.

A decoupling from US rates and the US dollar indicates to the analysts support via robust physical consumption (Indian and Chinese imports), geopolitical hedging, and central bank buying.

While gold mine production should be a record in 2024/2025, Citi suggests this supply may struggle to grow in 2027/2028 based on the current project pipeline.

Consistent with this broker's 0-3 month and 6–12-month price targets (which were updated at the beginning of April to US$2,400/oz and US$3,000/oz, respectively) the 2024 and 2025 gold price forecasts are raised by 6.8% and 40%, respectively to US$2,350/oz and US$2,875/oz.

Wilsons explains the Australian gold sector is lagging the current gold price partly because of lingering operational challenges on both the production and the capex/cost front, but the benefit of leverage to a higher gold price will outweigh the impact of cost inflation.

The major advantage of owning gold mining companies during gold bull markets, in the broker's view, is operational leverage, which can lead to significantly higher returns than merely owning gold.

Mining companies largely have fixed cost bases, and as the gold price increases (with no impact upon operating costs) earnings receive a proportionally larger boost as margins expand.

Wilsons' preferred gold exposure is Evolution Mining ((EVN)), which also has material exposure to copper.

In effect, higher copper prices translate to stronger gold margins for Evolution as copper sales are ultimately credited as a reduction to its gold unit costs. The company's production is 95% unhedged, aiding strong earnings growth in the event of a gold price rally.

Being the lowest cost gold miner on the ASX underpins highly attractive margins at the current gold price and provides a degree of cash flow and balance sheet protection against a weaker gold price, explains the broker.

In the current environment of capex/cost blowouts, Evolution's falling capital intensity is particularly attractive and stands in contrast to peers Northern Star Resources ((NST)) and Newmont Corporation ((NEM)), highlights Wilsons.

Higher rare earths forecasts over 2025, prior to 2026 deficits

As demand from the energy transition rises, **supply is becoming tight for key magnet rare earth markets neodymium (Nd) and neodymium and praseodymium (NdPr)**, highlighted global natural resources specialist Wood Mackenzie, at a meeting hosted by Morgan Stanley.

Because rare earths provide the highest energy conversion efficiencies, Wood Mackenzie (also known as WoodMac) believes they will continue to be utilised for electric vehicles, particularly in the mid-to higher-end models.

WoodMac forecasts the market will move into deficit from 2026, leading to higher prices for Nd and Ndpr over 2025 in anticipation. For dysprosium (Dy) and terbium (Tb), prices are expected to recover in 2025, but decline from 2026 owing to projected market surpluses.

While 85% of battery electric vehicles currently use rare earths, WoodMac sees this figure falling to 70% over the next ten years, and potential for a reduction in rare earth usage for lower-end electric vehicles.

China's mined and refined supply rare earth quotas for the second half of 2024 will remain in line with the 10-15% increase in the first half, forecasts WoodMac. This level is well below average increase of between 20-25% over the last five years as weak demand has driven down prices since peaking in 2022.

At below US$47/kg for NdPr, WoodMac suggests profits will be marginal for mid/smaller Chinese producers. It's felt the recent uptick in NdPr prices could be due to increased downstream purchasing activity in China.

While China currently dominates rare earths supply, WoodMac anticipates mined supply will converge to a 50/50 split by 2030 between China and the rest of the world.

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

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RUDI'S VIEWS

Rudi's View: Shaky Sentiment Ahead Of Corporate Updates

In this week's Weekly Insights:

-Shaky Sentiment Ahead Of Corporate Updates
-Everybody's A Gold Bull
-Best Buys & Conviction Calls

By Rudi Filapek-Vandyck, Editor

Shaky Sentiment Ahead Of Corporate Updates

Analysts at **Morgan Stanley** made a big hullabaloo about it, as would I if ever I came to walk in their shoes, with early market leadership in Generative AI now projected to result in **Microsoft doubling its earnings per share by FY29**.

Let's pause for a few seconds and think about this a little longer. Microsoft, one of the largest companies of our time, generating some US$244bn in annual revenues, of which US$107bn ends up as operating income, with free cash flow estimated in excess of US$63bn, is set to double its profits for shareholders over the next five years.

For the mathematically gifted among us, doubling profits in five years requires a cumulative annual growth rate (CAGR) of circa 14.87% per year. Morgan Stanley's recently updated projections are actually above that with revenues expected to grow at a CAGR of 14% and EPS at 16% per annum.

Hence, to be precise about this: Microsoft is projected to MORE than double its EPS in the next five years.

There are multiple reasons why I bring this up.

With bond yields rethinking the pace and starting date for Fed rate cuts, and geopolitical tensions lifting, the natural response from most investors is to sell exposure to equity markets that are being perceived as too 'expensive'.

It's good to be reminded that if the above projections prove accurate in the years ahead, Microsoft shares will be trending a whole lot higher than where they are today.

No doubt, were Risk-Off sentiment to dominate in the days or even weeks ahead, Microsoft shares will likely weaken, maybe even weaken a lot, but should this be our only and key focus? The world will be a very dark place for this company to not grow at all from here onward.

In Australia, analysts at **Macquarie** recently published similar forecasts for leading biotech **CSL** ((CSL)) with a five-year EPS CAGR projection of 15% per annum which, you guessed it already, implies that company's EPS should more than double by FY29. Little surprise thus, Macquarie thinks CSL's share price could well reach $500 in three years' time from around $280 now.

To the sceptics out there, would it really be such a great disaster if these companies only grew by, say, 12% per annum? Or if those anticipated rate cuts come in fewer doses and later than expected? When a fresh growth driver announces itself, investors tend to significantly underestimate the impact on well-positioned beneficiaries.

We all get drawn in by risks and developments in the here and now, but keeping a broad perspective is imperative if our aim is to be a successful investor long term.

These projections equally shine a light on the ongoing opportunities that remain with large cap companies, both in the US as on the ASX. This equally serves as a timely reminder when all and sundry are looking for the next ten-bagger in the small cap space.

It is also one key reason as to why I am not joining the chorus of nervous nellies on the sidelines who keep using terms such as 'bubble' and 'excessively priced equities'. Putting a valuation on listed companies goes well beyond referencing a generic PE ratio.

In Australia, mid-cap IT services provider **TechnologyOne** ((TNE)) has managed to double in size every five years for circa two decades now. I remember back in 2022, one fund manager published an extensive expose as to why, at $10, there was no chance in hell investors would see a profitable return from their shares.

The arguments put forward read very convincingly.

That share price surpassed the $17 mark last month; 70% above where any further upside was considered negligible. Management at TechOne continues to express confidence the business will yet again double over five years.

Has there been volatility in the share price in between? You bet! But volatility, no matter how scary in the short term, is beyond anyone's control and ultimately it is just that. It is also what provides the better entry points for those investors not yet on board or that like to top up their exposure.

Aussie Banks - The Debate Is Raging

Having said all of the above, investors should never be afraid to question the appropriateness of share prices and asset valuations. Plenty of examples around of share prices that once were trading on much higher levels, never to be seen again.

The **key debate** in Australia is once again surrounding the **local banks**. With share prices rallying by double digit percentages, and CommBank ((CBA)) shares posting an all-time record high above $120, the public debate is yet again zooming in on bank share prices and whether the sector's de-coupling from wobbly-looking fundamentals is a bridge too far, or doesn't have to be.

On current forecasts set by most analysts covering the sector, margins will likely remain under pressure for longer and loyal shareholders should not expect anything spectacular in terms of further increases to dividends. Some analysts, it has to be said, are toying with the idea that dividends won't increase at all, possibly for two years in a row, with risk of small decreases.

The reason as to why share prices have rallied hard is usually framed through index-buying (ETFs and the like) while safe-haven seekers in Asia, China in particular, might have contributed as well. The prospect of RBA rate cuts and ongoing buoyancy in the local property market are oft cited as supportive factors as well.

Traditionally, I regard Aussie banks, the Four Majors in particular, as an obvious barometer for investor sentiment and the recent months have again played to that script.

Whatever the reasons, most strategists at the brokerages that dominate investor fund flows for the local share market are negatively disposed towards the sector. If it's not because valuations are seen as 'bloated', and undeservedly so, the reason cited are questionable fundamentals, if not a soggy outlook with only a tepid recovery expected for next year.

One notable exception are analysts at **Morningstar** who seem to have adopted the view that, by the time the dust has settled regarding household budgets stress, cost inflation, and RBA rate cuts, Australian banks will likely prove relatively resilient, and thus reasonably okay.

No doom scenarios from mortgage arrears or bad debts should be expected, and with the demand for credit continuing to grow, and competition to lessen, net interest margins should bottom soon and start trending upwards again, predicts Morningstar.

The other side of the argument this time around is put forward by veteran **Jonathan Mott**, once revered at UBS and nowadays continuing sector analysis at **Barrenjoey**, and his team.

Mott's analysis should be compulsory reading for every investor whose portfolio has a large exposure to the local banks. If Mott's analysis proves correct, bank share prices will, longer term, trend in the opposite direction of the Microsofts in this world, as they (ex-CBA) have done post GFC.

The key thesis put forward is banks have increasingly scaled back risk-taking and this is reflected throughout their operations. Mortgages are heavily skewed towards wealthier households, small businesses without property ownership (collateral) are largely ignored, mortgages are predominantly sold through external broker networks.

The result is banks in Australia are increasingly looking like each other's copy-cats, with competition for growth and market share essentially coming down to 'price' in a commoditised market for lower-risk loans. This is, essentially, the road to nowhere for the sector, and if things don't change in the foreseeable future, the research states bank dividends are at risk of becoming unsustainable.

Bank of Queensland ((BOQ)) will open the results season for the local sector on Wednesday this week, with three of the Majors -- ANZ Bank ((ANZ)), National Australia Bank ((NAB)), and Westpac ((WBC)) -- to follow suit in the following weeks.

I doubt whether the debate will swing decisively either way with these upcoming financial updates, but each release has the potential to become a catalyst either way, both for the sector as for the local share market generally.

Local Quarterlies

Outside of the local banks, the weeks ahead will offer investors plenty of fresh market updates to digest. Not only are commodity producers lining up to reveal quarterly production achievements, companies including Hub24 ((HUB)), Block ((SQ2)), Amcor ((AMC)), Brambles ((BXB)), Goodman Group ((GMG)), Macquarie Group ((MQG)), Newmont Corp ((NEM)), and ResMed ((RMD)) will be releasing quarterly updates.

As shown by Netwealth Group ((NWL)) last week, simply releasing a strong set of financial data might not suffice in the current nervous environment. At least not for the short term. Netwealth shares have remained under pressure even though most analysts believe the quarterly update yet again marked another "strong" performance.

At least half of all analysts covering the company believe the share price looks too highly priced, which might well be the reason why. In sympathy with Netwealth, Hub24 shares are now under pressure too.

Both financial platform operators have grown strongly throughout the decade past, and they are still expected to continue to expand their market share and grow strongly in the years ahead.

Goodman Group's next market update is scheduled for May 8. Analysts at Citi, who've become very supportive, are anticipating more robust data, potentially with an earnings guidance upgrade for FY24.

As far as those commodity production updates are concerned, the coming weeks are likely to see weather impacts, capex updates, including cost overruns and delayed time-schedules, and possibly more news on asset sales and M&A activity too.

In many cases, including for Rio Tinto ((RIO)), Santos ((STO)) and Woodside Energy ((WDS)), production volumes are expected to have shrunk during the March quarter, which leaves realised prices and cost management as the obvious catalysts in the short term, as well as guidance for the months ahead.

The most important market updates might well occur in the US where the March quarterly reporting season is now underway. This week sees 41 companies, representing 8.5% of the S&P500 market capitalisation releasing financial updates, including the likes of Johnson & Johnson, United Airlines, Travelers, D.R. Hortons, and Procter & Gamble.

As much as we like the local share market to take guidance from local updates, the outcomes and signals from those releases might prove all-important, against a background of shaky Fed policy expectations and ongoing risk for an all-out war in the Middle East.

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More reading:

-https://fnarena.com/index.php/2024/04/10/rudis-view-lessons-observations-from-asx-all-weathers/

-https://fnarena.com/index.php/2024/04/04/rudis-view-in-search-of-the-holy-grail/

Everybody's A Gold Bull

With geopolitical tensions rising markedly, it appears every financial markets commentator has turned into a gold bull in April.

The continued promise of central bankers delivering rate cuts, the strong buying activity from central banks, and the absence thus far from financial institutions and speculators is keeping optimism alive for gold to visit higher price levels throughout the months ahead.

There's the added observation most share prices of gold producers the world around are still lagging bullion's performance to date. There's also the realisation gold's move might have been too rapid in the short term, risking a short-term retreat on technically overbought readings.

One additional reason as to why investors might be enticed to own exposure to gold was provided recently by **Charles Gave** of research house **GaveKal**.

Comparing the price of gold bullion with US equities (and corporate earnings and dividends) through the S&P500 index, Gave concludes the index is currently some 33% above its long-term trend, leaving gold extremely undervalued. On Gave's estimations, gold could well be undervalued by -52% against the index and by -13% against its own long-term trend level.

Also throwing energy in the mix, Gave recalls the three assets tend to converge over time and the last time this occurred was in 2015. Since then, the three have diverged noticeably. Gave's argument is: convergence shall happen yet again. The only question is: when exactly?

Oil, like gold, is seen as cheaply priced. US equities are on the opposite side of the spectrum. Gave suspects convergence will occur through oil prices rising (and US equities falling in response).

Investors who genuinely are of the intent to benefit from the upcoming convergence are advised to allocate at least 20% of their portfolio to gold.

Best Buys & Conviction Calls

It's not necessarily what analysts and market strategists had in mind last month and earlier in April, but share prices generally have come under pressure following a solid three months opening of calendar 2024, and commodities and related share prices are functioning as 'defensives'.

A number of research houses had been publishing their sector favourites and conviction calls. Below is a brief overview.

The **Global Mining Best Ideas** as compiled by sector analysts at **RBC Capital** has seen the withdrawal of gold miner Northern Star ((NST)).

RBC analysts remain positive on base metals, energy, precious metals, and uranium.

Looking specifically for ASX-listed exposures, we spotted the continued inclusion of Champion Iron ((CIA)), De Grey Mining ((DEG)), Sandfire Resources ((SFR)), and Pilbara Minerals ((PLS)).

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Mining sector analysts at Morgan Stanley have equally rolled out their most preferred exposures across the globe.

Specifically zooming in on ASX-listed companies, their selection includes Rio Tinto ((RIO)) and South32 ((S32)).

Morgan Stanley has also released a list of Least Preferred exposures, which contains no ASX-listed inclusions.

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In back-up of a positive view on the outlook for copper prices, analysts at **Citi** explained diversified conglomerate BHP Group ((BHP)) is blessed with the largest leverage to copper in FY24, while offshoot South32 has the largest leverage to base metals generally by FY28.

Rio Tinto's base metals exposure through copper and aluminium is projected to handsomely beat BHP's exposure through copper and nickel by FY28.

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Evans and Partners has kept Beach Energy ((BPT)) as its Number One pick among local **energy companies.**

The sector generally is seen to be undervalued and underappreciated and thus shares in Santos and Woodside Energy are considered poised for a catch-up.

Wilsons is equally positive about the ASX-listed energy sector, with a preference for Woodside shares.

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Market strategists at Wilsons have been trimming portfolio exposures to global larger cap growth stocks.

Locally they've added Breville Group ((BRG)) and Webjet ((WEB)) to a tiny selection of Most Preferred Direct Equities. Both additions have been labelled "quality cyclicals" carried by Wilsons' belief the local earnings cycle is set to improve from FY25 onwards.

The list only contains three other inclusions: Aristocrat Leisure ((ALL)), Collins Foods ((CKF)), and IDP Education ((IEL)).

Wilsons analysts do offer a number of other ideas, with Beach Energy and Liontown Resources ((LTR)) put forward in the local Resources space, and with biotechs Immutep ((IMM)) and Clarity Pharmaceuticals ((CU6)) as 'speculative ideas'.

Wilsons has identified six quality growth companies that are still worth considering adding to the portfolio:

-Ridley Corp ((RIC))
-TechnologyOne

-Universal Stores ((UNI))
-ARB Corp ((ARB))
-Neuren Pharmaceuticals ((NEU))
-Pinnacle Investment Management ((PNI))

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Retail sector analysts at Jarden believe the market is underestimating the likely pace of consumer spending in FY25, following tax cuts and RBA loosening.

But there's more to take into account for investors, as competition in certain categories is heating up, and operational costs remain high, while some retailers will be forced to step up investment in customer loyalty, data, and supply chains.

Investors are advised to seek out those retailers that have (international) expansion plans, have the luxury of a long runway of growth ahead of them, and maybe even with the prospect of ROIC (return on invested capital) improving.

Jarden favours Flight Centre ((FLT)), Helloworld ((HLO)), Webjet, Temple & Webster ((TPW)), Lovisa Holdings ((LOV)), The Reject Shop ((TRS)), and Domino's Pizza ((DMP)).

<u>**FNArena Subscription**</u>

A subscription to FNArena (6 or 12 months) comes with an archive of Special Reports (20 since 2006); examples below.

(This story was written on Monday, 15th April, 2024. It was published on the day in the form of an email to paying subscribers, and again on Wednesday as a story on the website).

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

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

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 12-04-24

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 April 8 to Friday April 12, 2024
Total Upgrades: 7
Total Downgrades: 7
Net Ratings Breakdown: Buy 55.56%; Hold 35.05%; Sell 9.39%

For the week ending Friday April 12, 2024, FNArena recorded seven ratings upgrade and seven downgrades for ASX-listed companies by brokers monitored daily.

The tables below show percentage downgrades by brokers to average earnings forecasts were slightly larger than upgrades, while average target price increases were marginally greater than decreases.

Whitehaven Coal received rating upgrades from Macquarie and UBS after both brokers resumed research coverage subsequent to advising on the acquisition of the Daunia and Blackwater mines from BHP Group and Mitsubishi.

Whitehaven advisor UBS noted the company will now derive around 70% of revenue from metallurgical coal. The broker's new target of $8.70, up from $6.30, also incorporated increased met coal forecasts for 2025 and the long-term by 11% and 13%, respectively, while the 2024 forecast was trimmed by -8%. The rating was upgraded to Buy from Neutral.

The acquisitions provide Whitehaven with an entrance into the Bowen Basin in Queensland, noted BHP-advisor Macquarie, which increased its target by 50% to $9.00 as the transaction resulted in a 35% increase to the broker's FY24 EPS forecast and 200-500% increases over FY25-28. This broker's rating was upgraded to Outperform from Neutral.

Last week, Morgan Stanley initiated research coverage on Paladin Energy and Boss Energy with ratings of Overweight and Equal-weight, respectively. Both are becoming key stocks for uranium exposure and a way to play the potential rise in nuclear power adoption, in the broker's view.

Morgan Stanley's commodity team forecasts small deficits for uranium till 2025, with a surplus from 2026.

Both companies are trading on lower multiples versus international traded peer producers, according to the analysts, and both plan to re-start uranium mines in 2024.

The broker prefers Paladin Energy based on an easier re-start, a stronger position on sales contracts, and a firmer growth pipeline.

Boss Energy's growth is in the early exploration phase and the company has limited reported resources, highlighted Morgan Stanley, and management will likely be aiming towards expanding/extending the life of the existing Honeymoon project.

As a result of Morgan Stanley's research, Boss Energy received the second largest upgrade to average earnings forecast in the table below. While Paladin Energy received the largest percentage downgrade to average earnings forecast. This should be ignored given the very small forecast numbers involved. Later in the week, Paladin's forecasts were also impacted by another research note from Shaw and Partners.

This broker highlighted the recent exciting milestone of the return to production at Paladin's Langer Heinrich mine in Namibia.

There are very few uranium producers listed on the Australian Stock Exchange or the Canadian exchange, and Shaw suggested Paladin is now a viable alternative to the world's largest publicly traded uranium company, Canadia-based Cameco.

Elders received the second largest downgrade to average earnings forecasts by brokers in the week, but Morgans and Citi could see light on the horizon, and upgraded their respective ratings to Buy, or equivalent, from Hold. The average target in the FNArena database only fell to $8.81 from $9.06 over the week.

FY24 guidance for underlying earnings of between $120-140m missed the consensus forecast by some -25%.

Citi analysts attributed these missed expectations to challenging conditions and subdued sentiment to start the year, partly due to the negative impact on demand of the declaration of El Nino from the Bureau of Meteorology.

Management noted pressure in crop protection, livestock and Agricultural Chemical products, but stated trading conditions had improved in January and February.

Despite a weaker first half for Elders, Citi is anticipating a more acute second half skew than for prior years and suggested the building blocks for earnings growth are still intact. Moreover, an uplift from bolt-on acquisitions and a cost-out program are still expected.

Morgans generally agreed with Citi, noting the company's key earnings drivers have improved from recent lows, and referred to several growth projects which should underpin solid earnings growth from FY25 onwards.

APM Human Services International also received material downgrades to earnings forecasts by analysts last week following another earnings and profit downgrade. Historically low unemployment rates continue to weigh on the company's earnings, explained UBS.

Management now anticipates FY24 profit of between $95-105m compared to the $114.5m previously expected by consensus. Prior expectation for positive second half/fourth quarter volume seasonality is no longer anticipated.

More positively, the stock is trading at a discount to private equity interest, noted Morgan Stanley.

Madison Dearborn Partners has submitted a revised non-binding offer to acquire the 71% of shares it does not currently own for $1.40/share by way of scheme of arrangement, after CVC Asia Pacific withdrew its $2/share offer.

Ord Minnett ascribed a zero chance the current proposal will be successful as it's unlikely non-Madison Dearborn Partners directors will unanimously recommend the transaction.

On the flipside, Life360 received both the largest percentage increase in average earnings forecast and average target price from brokers last week following a market update showing first quarter monthly active users and paying circle figures were materially ahead of forecasts.

Net first quarter additions to monthly active users of 4.9m was nearly double that expected by Ord Minnett. A solid skew to the US supports the broker's ongoing thesis the US market is far from saturated and will remain a key driver of growth moving forward.

Bell Potter particularly liked the 96,000 increase in global paying circles, coming off the back of a more disappointing increase of just 55,000 in the fourth quarter.

The average target price in the FNArena database for Life360 increased to $15.28 from $13.62 after three covering brokers updated their modeling last week.

Total Buy ratings in the database comprise 55.56% of the total, versus 35.05% on Neutral/Hold, while Sell ratings account for the remaining 9.39%.

Upgrade

ANSELL LIMITED ((ANN)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 2/3/0

Ansell will acquire Kimberly Clark's PPE business for -US$640m, funded via an institutional placement and new debt facilities.

The transaction implies a multiple of 9.7x 2023 earnings (pre-synergies), below Ansell's own multiple at 12.0x. Macquarie estimates EPS accretion of some 7% in FY27. The broker sees the acquisition as strategically reasonable.

Macquarie's revised forecasts imply EPS growth of around 14%pa to FY27 from a depressed FY24 base. Target rises to $28.15 from $24.75. Upgrade to Outperform from Neutral.

AVITA MEDICAL INC ((AVH)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 3/0/0

While management at Avita Medical has downgraded 1Q commercial revenue guidance by -27% to US$11m, Ord Minnett maintains its $5.40 target as the time value of money and a strong US dollar provide offsets.

The downgrade was due to the value analysis committee taking longer-than-anticipated and slowing the uptake of Recell for the recent label expansion for full-thickness skin defects, explains the broker.

New guidance implies 1Q commercial revenue will decline by -21% compared to Q4 2023. The analyst lowers the 2024 revenue forecast by -4% to US$79m on the expectation of revenue growth later in 2024.

The broker upgrades its rating to Accumulate from Hold due to the recent share price decline.

ELDERS LIMITED ((ELD)) Upgrade to Add from Hold by Morgans and Upgrade to Buy from Neutral by Citi .B/H/S: 5/1/0

Elders is guiding to full year earnings of $120-140m following a challenging first half, with the guidance materially below consensus forecasts. Morgans points out the range suggests an -18-30% decline year-on-year.

Client sentiment was subdued, particularly in the first quarter, driving weak trading conditions over the first half, while lower crop protection prices have also hurt the company's sales revenue and margins.

The rating is upgraded to Add from Hold and the target price increases to $9.00 from $7.40.

Citi notes Yesterday's trading update by Elders reflected challenging conditions and subdued sentiment to start the year, partly due to the negative impact on demand of the declaration of El Nino from the Bureau of Meteorology.

Management noted pressure in crop protection, livestock and AgChem products, but stated trading conditions have improved in January and February.

FY24 guidance for underlying earnings (EBIT) of between $120-140m missed forecasts by consensus and the broker by -25% and -27%, respectively.

Despite a weaker 1H, the analyst is anticipating a more acute 2H skew than for prior years and suggests earnings growth building blocks are still intact. An uplift from bolt-on acquisitions and a cost-out program is still expected.

The broker's rating is upgraded to Buy from Neutral based on improving momentum (established in the 2Q of FY24, after a subdued 1Q) and a 2H earnings skew. The target rises to $8.50 from $7.30.

LIBERTY FINANCIAL GROUP LIMITED ((LFG)) Upgrade to Buy from Neutral by Citi .B/H/S: 1/1/0

Citi is Neutral on Australian Non-Bank Lenders given earnings have troughed and a fall in interest rates is inevitable, even though the timing is uncertain.

The broker notes stock specific opportunities have arisen following an around 20% share price rally across the sector in the last six months, due to the sector's strong correlation with interest rate expectations.

The analysts expect a pause in the re-rating of multiples for the sector as interest rate cut expectations held by the market have been deferred, but note credit growth continues to be resilient.

The broker notes a recent underperformance by shares in Liberty Financial, and upgrades its rating to Buy from Neutral. A better environment for non-housing credit is also envisaged. The target rises to $4.25 from $4.00.

WHITEHAVEN COAL LIMITED ((WHC)) Upgrade to Outperform from Neutral by Macquarie and Upgrade to Buy from Neutral by UBS .B/H/S: 5/2/0

Whitehaven Coal's now-completed acquisition of the Daunia and Blackwater assets moves the company to a primary metallurgical coal exposure, highlights Macquarie.

After a period of research restriction, the broker incorporates the transaction into forecasts, resulting in a 35% increase in the FY24 EPS forecast and 200-500% increases over FY25-28.

The broker's new target price for Whitehaven Coal is $9, which compares to the $6 level (in the FNArena database) set by Macquarie prior to research restriction. Outperform (previously Neutral).

After a period of research restriction, UBS upgrades its rating for Whitehaven Coal to Buy from Neutral and raises the target to $8.70 from $6.30 (the last price in the FNArena database). The company now derives around 70% of revenues from met coal.

The broker's forecasts now include the completion of the Blackwater and Daunia acquisition, and incorporates rises for the broker's 2025 and long-term met coal price forecasts of 11% and 13%, respectively. The 2024 forecast is trimmed by -8%.

As Indian demand accelerates over the medium-to-long-term, UBS believes the met coal market will remain in structural deficit.

Downgrade

AUSTRALIAN FINANCE GROUP LIMITED ((AFG)) Downgrade to Sell from Neutral by Citi .B/H/S: 0/1/1

Citi is Neutral on Australian Non-Bank Lenders given earnings have troughed and a fall in interest rates is inevitable, even though the timing is uncertain.

The broker notes stock specific opportunities have arisen following an around 20% share price rally across the sector in the last six months, due to the sector's strong correlation with interest rate expectations.

The analysts expect a pause in the re-rating of multiples for the sector as interest rate cut expectations held by the market have been deferred, but note credit growth continues to be resilient.

The broker's rating for Australian Finance Group is downgraded to Sell from Neutral after a share price rally. It's felt a capex-intensive approach at a difficult point in the cycle could result in inadequate returns on the group's reinvestment program.

The $1.50 target is maintained.

BANK OF QUEENSLAND LIMITED ((BOQ)) Downgrade to Reduce from Hold by Morgans .B/H/S: 1/0/5

Morgans considers share price strength over the last three months for ASX-listed banks is unjustified by fundamentals and has an Underweight view on the sector. The broker's lower interest rate assumptions also provide a headwind for net interest margins (NIMs).

The analyst's order of preference among the majors is ANZ Bank, Westpac, National Australia Bank and CommBank (though the broker's quality-rating is broadly the reverse of this order).

By contrast to major bank peers, ANZ Bank has a relatively smaller exposure to the highly competitive domestic home loan market, and larger exposures to Institutional banking services, explains the broker.

The broker's rating for Bank of Queensland is downgraded to Reduce from Hold on elevated valuation trading multiples, a declining earnings outlook and a compressed dividend yield relative to history.

Morgans also notes the banks return on equity is significantly below its market-based cost of equity.

The target rises to $5.12 from $5.02.

CAPRICORN METALS LIMITED ((CMM)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 1/0/1

Capricorn Metals has lowered its full year production guidance to 112-115,000 ounces, from 115-125,00 ounces previously, following the impacts of rainfall in the third quarter.

The company's Karlawinda operations were impacted by 280mm of rainfall during the period, limiting ability to deliver material movements and delaying access to higher-grade ore blocks.

The rating is downgraded to Underperform and the target price of $4.80 is retained.

JAMES HARDIE INDUSTRIES PLC ((JHX)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 3/2/0

Macquarie had seen US interest rate reduction as a key catalyst for James Hardie Industries' R&R market's second half recovery. Macquarie's Macro Strategy team now expects the first -25bp Fed cut in December (with a hawkish tilt), versus July, and -50bps of cuts in 2025.

While recent market feedback suggests higher-end remodel projects were perhaps firmer than feared, the broker thinks a shift in the interest rate narrative will hold back a broader recovery.

Given the risk of multiple compression during current macro uncertainty, Macquarie cuts its target to $62.40 from $68.20. Downgrade to Neutral from Outperform.

MACQUARIE GROUP LIMITED ((MQG)) Downgrade to Sell from Neutral by Citi .B/H/S: 1/3/1

With Macquarie Group's last two May results having disappointed Citi's expectations, the broker sees similar risk heading into the upcoming result

Consensus is anticipating a strong rebound in deal-related revenues from the asset management division, but Citi sees issues with this rebound.

Despite this, Citi considers Macquarie Group one of the most interesting stocks in its coverage at the moment, noting the impact potential rate cuts could have on merger and acquisition activity and asset values.

The rating is downgraded to Sell from Neutral and the target price of $161.00 is retained.

UNIVERSAL STORE HOLDINGS LIMITED ((UNI)) Downgrade to Neutral from Buy by UBS .B/H/S: 3/2/0

UBS has lowered its rating on the retailer seeing a less attractive risk-reward balance. The broker feels near-term positives are, at this point, largely priced in.

As per UBS, the retailer has had a stronger start to the second half than expected, with Universal Store delivering resilient like for like sales growth despite facing challenging comps.

The broker does see the revenue growth outlook supported beyond FY24 by a resilient youth consumer and the merchant range and product execution.

The rating is downgraded to Neutral from Buy and the target price increases to $6.25 from $5.25.

WESTGOLD RESOURCES LIMITED ((WGX)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/1/0

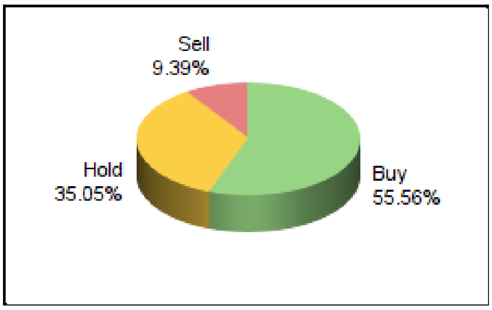
Macquarie downgrades its rating for Westgold Resources to Neutral from Outperform after the company agreed to merge with Canadian-based Karoa Resources.

Westgold will acquire all shares in Karoa whose assets include the Beta Hunt and Higginsville gold projects near Kalgoorlie, Western Australia.

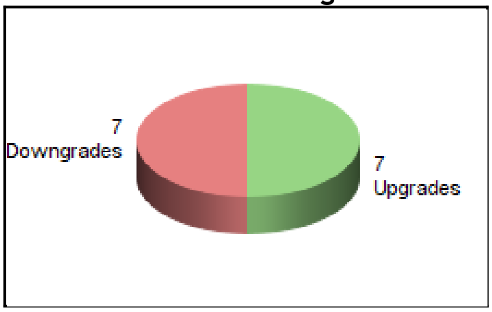
The -$1.2bn consideration is made up of 2.524 Westgold Resources shares for every Karoroa Resources share held ($1,075m) along with $0.68/share in cash ($127m value), explains the broker.

The target falls by -19% to $2.20 after taking into account a doubling of shares on issue and an around 70% production lift over the next five years, and double on a ten-year view at a similar cost (AISC).

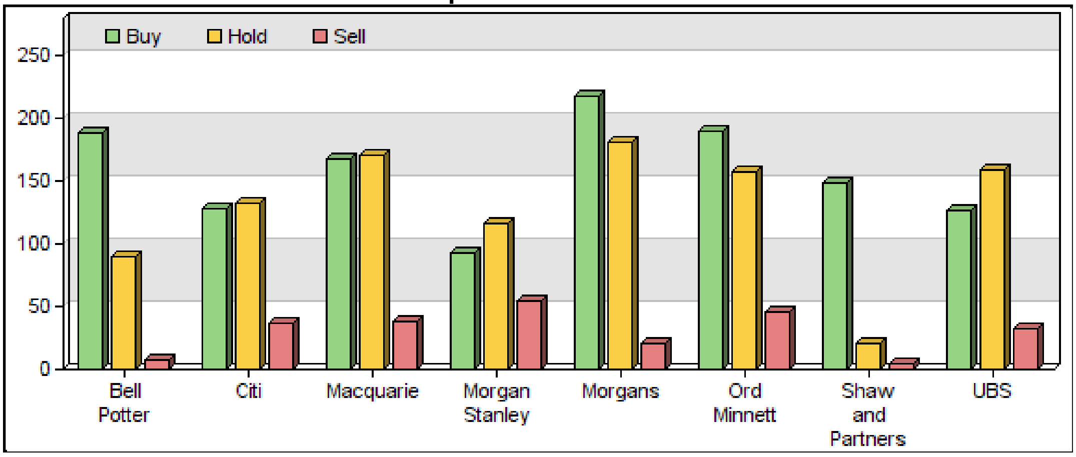
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ANSELL LIMITED	Buy	Neutral	Macquarie
2	AVITA MEDICAL INC	Buy	Neutral	Ord Minnett
3	ELDERS LIMITED	Buy	Neutral	Morgans
4	ELDERS LIMITED	Buy	Sell	Citi
5	LIBERTY FINANCIAL GROUP LIMITED	Buy	Neutral	Citi
6	WHITEHAVEN COAL LIMITED	Buy	N/A	Macquarie
7	WHITEHAVEN COAL LIMITED	Buy	N/A	UBS
Downgrade				
8	AUSTRALIAN FINANCE GROUP LIMITED	Sell	Neutral	Citi
9	BANK OF QUEENSLAND LIMITED	Sell	Neutral	Morgans
10	CAPRICORN METALS LIMITED	Sell	Neutral	Macquarie
11	JAMES HARDIE INDUSTRIES PLC	Neutral	Buy	Macquarie
12	MACQUARIE GROUP LIMITED	Sell	Neutral	Citi
13	UNIVERSAL STORE HOLDINGS LIMITED	Neutral	Buy	UBS
14	WESTGOLD RESOURCES LIMITED	Neutral	Buy	Macquarie

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	360	LIFE360 INC	15.283	13.627	12.15%	3
2	UNI	UNIVERSAL STORE HOLDINGS LIMITED	5.700	5.330	6.94%	5
3	ANN	ANSELL LIMITED	27.180	25.484	6.66%	5
4	GQG	GQG PARTNERS INC	2.675	2.525	5.94%	4
5	PDN	PALADIN ENERGY LIMITED	1.598	1.525	4.79%	5
6	FPR	FLEETPARTNERS GROUP LIMITED	3.353	3.203	4.68%	4
7	PSI	PSC INSURANCE GROUP LIMITED	5.774	5.614	2.85%	5
8	NWL	NETWEALTH GROUP LIMITED	18.458	18.017	2.45%	6
9	AD8	AUDINATE GROUP LIMITED	20.150	19.713	2.22%	4
10	WHC	WHITEHAVEN COAL LIMITED	8.443	8.280	1.97%	7

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	CNU	CHORUS LIMITED	7.400	7.860	-5.85%	3
2	BOE	BOSS ENERGY LIMITED	5.423	5.697	-4.81%	4
3	BPT	BEACH ENERGY LIMITED	1.949	2.020	-3.51%	7
4	ELD	ELDERS LIMITED	8.808	9.058	-2.76%	6
5	JHX	JAMES HARDIE INDUSTRIES PLC	61.580	62.740	-1.85%	5
6	ASG	AUTOSPORTS GROUP LIMITED	3.083	3.117	-1.09%	3
7	DRR	DETERRA ROYALTIES LIMITED	4.900	4.940	-0.81%	5

8	FMG	FORTESCUE LIMITED	20.630	20.787	-0.76%	7
9	WOR	WORLEY LIMITED	18.338	18.463	-0.68%	4
10	BHP	BHP GROUP LIMITED	45.017	45.267	-0.55%	6

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	360	LIFE360 INC	10.952	3.752	191.90%	3
2	BOE	BOSS ENERGY LIMITED	10.375	4.833	114.67%	4
3	GQG	GQG PARTNERS INC	20.460	19.544	4.69%	4
4	NEM	NEWMONT CORPORATION REGISTERED	330.196	316.298	4.39%	4
5	WHC	WHITEHAVEN COAL LIMITED	92.800	89.283	3.94%	7
6	BPT	BEACH ENERGY LIMITED	16.367	15.983	2.40%	7
7	SIQ	SMARTGROUP CORPORATION LIMITED	54.360	53.200	2.18%	5
8	PRU	PERSEUS MINING LIMITED	24.099	23.863	0.99%	3
9	ILU	ILUKA RESOURCES LIMITED	45.200	44.820	0.85%	5
10	SUN	SUNCORP GROUP LIMITED	106.033	105.233	0.76%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	PDN	PALADIN ENERGY LIMITED	-0.791	0.076	-1140.79%	5
2	ELD	ELDERS LIMITED	45.350	63.160	-28.20%	6
3	APM	APM HUMAN SERVICES INTERNATIONAL LIMITED	9.900	11.200	-11.61%	3
4	RIO	RIO TINTO LIMITED	1251.049	1343.269	-6.87%	6
5	SXL	SOUTHERN CROSS MEDIA GROUP LIMITED	5.125	5.400	-5.09%	4
6	QAN	QANTAS AIRWAYS LIMITED	89.450	92.350	-3.14%	6
7	NST	NORTHERN STAR RESOURCES LIMITED	49.920	51.520	-3.11%	5
8	PWR	PETER WARREN AUTOMOTIVE HOLDINGS LIMITED	27.020	27.675	-2.37%	4
9	FMG	FORTESCUE LIMITED	316.868	323.861	-2.16%	7
10	ANN	ANSELL LIMITED	143.253	146.057	-1.92%	5

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: Much To Discuss

Ahead of this week's global nuclear conference, the uranium spot price ticked higher last week as the SPUT stepped in with buying.

-SPUT buying spot uranium
-This week's conference will focus on Kazakhstan
-US Senate launches Nuclear Caucus

By Greg Peel

The spot uranium market was quiet last week until later in the week, when the listed price of the Sprott Physical Uranium Trust moved into a premium to its net asset value, prompting the trust to purchase 100,000lbs U3O8 at US$88.00/lb.

Industry consultant TradeTech reports this prompted some action from other buyers, and by week's end TradeTech's weekly spot priced indicator had settled at US$90.00/lb, up US$1.25.

In term markets, utilities remain key buyers as logistical issues threaten to disrupt supply. A ship carrying Russian enriched uranium remains sequestered in Germany due to the presence of EU-sanctioned plywood on the vessel. That vessel was destined for the port of Baltimore.

But the port of Baltimore remains inaccessible until engineers can clear away the fallen bridge and reopen a channel through to port facilities. Baltimore is a major US delivery point for imported uranium.

To date the US has not sanctioned Russian imports of uranium, but last week the US Treasury issued an executive order prohibiting the import into the US of Russian copper, aluminium and nickel. Utilities remain concerned a ban on uranium must eventually follow.

TradeTech's term market indicators remain at US$95/lb (mid-term) and US$80/lb (long).

Kazakhstan

The spot market will likely be quiet this week as market participants attend the World Nuclear Fuel Cycle conference hosted by the World Nuclear Association and the Nuclear Energy Institute in Kazakhstan.

The setting is convenient, as Kazakhstan produces some 40% of global uranium supply and Kazatomprom has been facing production issues, about which participants will be looking to seek some real time updates.

Back in February, Kazatomprom revealed it would likely miss its initial 2024 and 2025 production targets due to challenges with sulphuric acid deliveries and wellfield development. Production guidance for 2024 has been cut by -13%, with 2025 output estimates uncertain.

Kazatomprom has said it intends to place priority on "value over volume" going forward.

To make matters worse, TradeTech notes Kazakhstan has suffered from severe flooding in northwest regions of the country.

While the flooding has created a national disaster, uranium production is concentrated in remote areas of southern Kazakhstan with minimal risk of flooding, although internal infrastructure and transportation may encounter some temporary delays.

Rare Bipartisanship

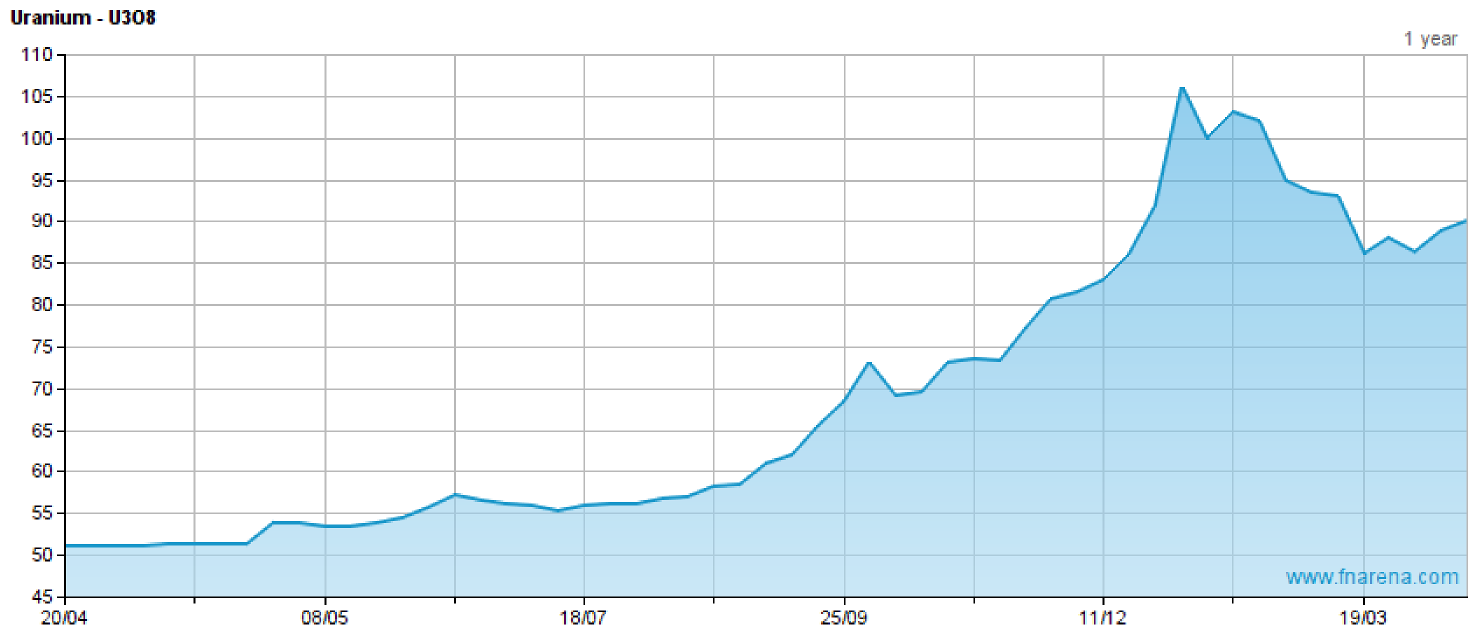
Two US senators – one from each side of the aisle – launched the Senate Advanced Nuclear Caucus last week, which "will amplify the critical role nuclear energy plays in the United States, explore emerging nuclear technologies, and promote the goals and priorities of the US nuclear industry."

"Advancing the next generation of nuclear energy technology is critical to meeting US and global energy demands. The USA has a rich history of leadership in the nuclear industry, and it is crucial that we maintain this competitive edge," the senators said in a joint statement.

The launch of the caucus is supported by multiple stakeholders, including Idaho National Laboratory, the Nuclear Energy Institute, and Third Way's Climate and Energy Program.

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	12/04/2024	0.0900	0.00%	$0.19	$0.05			
AGE	12/04/2024	0.0600	▲ 3.17%	$0.08	$0.03		$0.100	▲66.7%
BKY	12/04/2024	0.3200	▲21.05%	$0.80	$0.26			
BMN	12/04/2024	4.0700	▲ 5.09%	$4.16	$1.19		$7.040	▲73.0%
BOE	12/04/2024	4.9400	▲ 1.21%	$6.12	$2.23	48.5	$5.422	▲9.8%
DYL	12/04/2024	1.4900	▲ 9.75%	$1.76	$0.48		$1.770	▲18.8%
EL8	12/04/2024	0.5400	▲ 7.69%	$0.68	$0.27			
ERA	12/04/2024	0.0500	0.00%	$0.08	$0.03			
LOT	12/04/2024	0.4600	▲ 9.52%	$0.46	$0.17		$0.610	▲32.6%
NXG	12/04/2024	12.5200	▼- 0.31%	$13.66	$5.44		$17.500	▲39.8%
PDN	12/04/2024	153.0000		$153.00				
PEN	12/04/2024	0.1000	▼-19.23%	$0.20	$0.08		$0.310	▲210.0%
SLX	12/04/2024	5.1900	▲ 2.12%	$5.78	$2.92		$7.600	▲46.4%



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

WEEKLY REPORTS

The Short Report - 18 Apr 2024

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

Summary:

By Greg Peel

Week Ending April 11, 2024.

Last week the ASX200 began with a recovery from the previous week's fall before crashing out again on hot US inflation numbers.

Once again there was nothing of any great note among short position movements last week.

Last week, I noted Bank of Queensland ((BOQ)) had shifted up from the 6% bracket to the 7% bracket ahead of its earnings report, which was released yesterday and led to a 5.2% share price pop.

The only short position move of note last week was that of Nanosonics ((NAN)), which fell out of the table from 6.1% shorted.

This morning it was revealed ECP Asset Management has emerged as a substantial shareholder in the infection prevention company, with a significant 5.42% stake. The acquisition positions ECP Asset Management alongside its associate, EC Pohl & Co, as influential players in the company's financial dynamics.

The stock is up over 1% at the time of writing.

Weekly short positions as a percentage of market cap:

10%+

PLS	21.0
IEL	14.8
SYR	13.1
FLT	11.0
LTR	10.1

No changes

9.0-9.9%

No stocks

8.0-8.9%

CXO

No changes

7.0-7.9%

BOQ, LIC, WBT, SYA

Out: GMD, LYC

6.0-6.9%

GMD, STX, MIN, DYL, LYC, ARU, ACL, OBL

In: GMD, LYC   Out: NAN, CHN

5.0-5.9%

CHN, CUV, VUL, A2M, IMU, WEB, IFL

In: CHN, CUV, IFL Out: NEC

[dianomi_video]

Movers & Shakers

Nothing this week.

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.3	0.4	QBE	0.2	0.2
ANZ	0.3	0.4	RIO	4.0	3.6
BHP	0.5	0.6	S32	1.1	1.2
CBA	1.4	1.4	STO	1.0	1.0
COL	0.5	0.5	TCL	0.5	0.3
CSL	0.3	0.3	TLS	0.3	0.3
FMG	1.2	1.1	WBC	1.1	1.1
GMG	2.0	2.3	WDS	0.6	0.6
MQG	0.6	0.6	WES	1.0	1.0
NAB	0.8	0.7	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.

WEEKLY REPORTS

In Brief: Made In Australia, Insurance & Groceries

Beneficiaries of the Future Made in Australia Act; rising excesses for general insurers; plus impacts of grocery market inquiry.

-Companies benefiting from the Future Made in Australia Act
-A watching brief on rising excesses for general insurers
-Impacts of Senate Select Inquiry upon the grocery market

By Mark Woodruff

Companies benefiting from the Future Made in Australia Act

The Federal Government's Future Made in Australia Act will look to leverage Australia's competitive strength in natural resources, explains Macquarie, and aim to accelerate momentum in advanced manufacturing and clean energy projects domestically.

As part of the ongoing reworking of global supply chains, there will be a focus on greater sovereignty over Australia's resources and critical minerals. Domestic investment to build and fast-track new infrastructure will be incentivised, new technologies will be enabled, and training will be implemented for a clean energy workforce.

The Act will focus on building critical green industries, like green metals (e.g. rare earths mining and processing), green hydrogen, and advanced renewable manufacturing, such as battery and solar.

New initiatives will be launched and several existing initiatives will be consolidated under one umbrella.

One existing initiative is the $15bn National Reconstruction Fund which aims to support projects that create secure well-paid jobs, drive regional development, and invest in Australia's national sovereign capability.

From these existing initiatives, **Origin Energy ((ORG)) and Orica ((ORI)) are potential beneficiaries**, notes Macquarie, via their joint investment in the Hunter Valley Hydrogen Hub with possible support from the $2bn Hydrogen Headstart project.

AGL Energy ((AGL)) is also vying for a share of the $1bn Solar Sunshot manufacturing program, explains the broker.

AGL and SunDrive (an Australian solar company) have recently partnered up to explore the possibility of establishing a solar manufacturing facility at the former Liddell coal plant's site in New South Wales' Hunter Region.

The Solar Sunshot program is attempting to build a pathway to the commercialisation of local solar photovoltaic innovation.

The analyst also expects **the critical minerals resources sector will benefit** from a $2bn expansion of the Critical Minerals Facility.

The challenge for Australia when considering domestic advanced manufacturing, explains Macquarie, is competing against the cheaper offshore alternative, particularly given higher capital and labour costs in Australia.

A watching brief on rising excesses for general insurers

Macquarie maintains a positive view on ASX-listed general insurers, but over the next year will be monitoring the extent to which customers raise their excesses to reduce the inflationary impact of insurance costs.

The gross written premium (GWP) measure for general insurers takes into account volume, price, sums insured and excesses, and any increase in excesses provides a natural headwind for GWP growth, explains the analyst.

A recent Macquarie survey of 13 general insurers in the Australian Home and Personal Motor insurance markets revealed Home excesses have increased by 10%, compared to 6.7% for Personal Motor, over the six months to December 2023, versus the previous corresponding period.

Regarding the Home market, new business excesses were increased more so than for renewal business, according to the survey. There was a 12.1% increase on average across the market (weighted by market share) to $1,034 for new business, while renewals averaged a 9.7% rise to $847.

Nearly all major insurers have increased the default excess for Personal Motor, according to the broker's industry feedback, with one insurer noting the proportion of customers choosing a higher than default excess has doubled over two years.

For Personal Motor, excesses increased by 7.5% and 6.4%, respectively, to $907 for new business and $810 for renewals.

Macquarie has Outperform ratings for both Insurance Australia Group ((IAG)) and Suncorp Group ((SUN)).

Impacts of the Senate Select Inquiry into the Australian grocery market

The Australian grocery market is competitive but rational, and attractive industry fundamentals should continue to deliver appealing medium-term returns, suggests Jarden, after the final public hearing of the Senate Select Inquiry.

There was only limited suggestion of any benefit from a breakup of grocery chains, notes the broker.

Very few market participants are in favour of forced divestitures, agrees Morgan Stanley, which expects potentially more market power for suppliers via enforcements relating to the recent Independent Review of the Food and Grocery Code of Conduct. However, it's felt supermarkets will remain dominant.

The focus of the Senate Inquiry was more around cost of living, profit and return on equity by comparison to offshore, and supply chain traceability, explains Jarden. Land-banking, supply agreements, Grocery Code inclusions, and purchasing practices were also covered.

The analysts at Jarden believe this Inquiry, combined with the upcoming ACCC Inquiry and the review of the

Grocery Code, will result in greater overall transparency in the market. Likely outcomes, in the broker's view, include regulation surrounding land-banking and supply-chain transparency.

Fresh news was scarce, according to the analysts, as debate focused on subjective definitions and profitability metrics, with general acknowledgement by companies that work is required to improve some practices.

Consistent with Jarden's analysis, Woolworths Group ((WOW)) noted its market share has been broadly static in recent years, as the likes of Amazon, Chemist Warehouse and others in the space have expanded.

Morgan Stanley highlights Aldi now has 10-11% market share and is meaningfully price competitive with a 10-15% price gap versus peers.

Management at Woolworths also revealed inflation has moved to flat in recent weeks, suggesting to Jarden relatively muted ongoing like-for-like growth.

Woolworths, Coles Group ((COL)) and Endeavour Group ((EDV)) will report third quarter updates in coming weeks.

The final report from the Senate Select Inquiry is due on May 7, with questions on notice to be responded to by April 24.

The Food and Grocery Code of Conduct review is due on June 30, while the ACCC interim report on pricing will commence due in August, with a final report due by February 2025.

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 19-04-24

Broker Rating Changes (Post Thursday Last Week)

Upgrade

CORE LITHIUM LIMITED ((CXO)) Upgrade to Hold from Sell by Canaccord Genuity.B/H/S: 0/0/0

All key lithium products saw pricing fall again in the March quarter, notes Canaccord Genuity, driven by ongoing soft demand as purchasers run down their inventories, and due to continued supply additions.

The broker recently suggested lithium pricing has bottomed after noting a recovery in the spodumene price towards the back end of the March quarter. No changes are made to Canaccord's lithium price forecasts.

The rating for Core Lithium is upgraded to Hold from Sell on valuation and the target rises to 15c from 14c. The analysts believe the wet season has likely negatively impacted the Finniss operations.

Downgrade

AVITA MEDICAL INC ((AVH)) Downgrade to Market Weight from Overweight by Wilsons.B/H/S: 0/0/0

With Avita Medical slashing its first quarter guidance to US$11.0-11.3m, Wilsons has downgraded on the stock claiming "plain misjudgement failing to incorporate the longer value analysis committee" from the company.

As per the broker, the company's guidance downgrade suggests a a shortfall of 600 kits in the first quarter, which Wilsons believes may reflect lowering hospital stock piles in anticipation of the potential approval of RECELL GO in May.

However, the broker notes no evidence has emerged to back up this thesis, with the revenue shortfall chalked up to a lack of conversion of new trauma accounts.

The rating is downgraded to Market Weight from Overweight and the target price decreases to $3.03 from $5.42.

DATA#3 LIMITED. ((DTL)) Downgrade to Overweight from Buy by Jarden.B/H/S: 0/0/0

Jarden downgrades Data#3 to Overweight from Buy, while reducing the target price to $8.65 from $9.15.

The broker acknowledges Data#3's long-term strength, especially as a leading reseller of Microsoft software in Australia, but raises concerns about near-term cyclical risks to service revenues and competitive pressures impacting margins.

Excess capacity and deferred client spending lead to downgraded EPS forecasts for FY25 and FY26. The broker no longer sees potential for near-term re-rating given the adjustments in earnings expectations and market conditions.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	CORE LITHIUM LIMITED	Neutral	Sell	Canaccord Genuity
Downgrade				
2	AVITA MEDICAL INC	Neutral	Buy	Wilsons

3	DATA#3 LIMITED.	Buy	Buy	Jarden

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
ASB	Austal	$2.33	Petra Capital	3.14	3.08	1.95%
AVH	Avita Medical	$2.95	Wilsons	3.03	5.42	-44.10%
BLD	Boral	$5.73	Jarden	6.30	5.90	6.78%
BPT	Beach Energy	$1.62	Jarden	1.75	1.70	2.94%
BSL	BlueScope Steel	$23.10	Jarden	23.90	24.60	-2.85%
CGF	Challenger	$6.82	Jarden	7.50	7.55	-0.66%
CPU	Computershare	$27.95	Jarden	29.20	27.90	4.66%
CTT	Cettire	$3.20	Petra Capital	5.10	4.15	22.89%
CXO	Core Lithium	$0.15	Canaccord Genuity	0.15	0.14	7.14%
DMP	Domino's Pizza Enterprises	$37.26	Jarden	48.00	49.00	-2.04%
DTL	Data#3	$7.96	Jarden	8.65	9.15	-5.46%
ELD	Elders	$8.53	Wilsons	8.33	8.26	0.85%
EQT	EQT Holdings	$30.10	Wilsons	33.90	31.50	7.62%
GMD	Genesis Minerals	$1.83	Canaccord Genuity	2.40	2.60	-7.69%
HUB	Hub24	$39.69	Moelis	41.50	41.99	-1.17%
			Wilsons	44.69	45.32	-1.39%
IAG	Insurance Australia Group	$6.43	Goldman Sachs	6.30	6.00	5.00%
IEL	IDP Education	$16.82	Goldman Sachs	25.30	26.60	-4.89%
IPH	IPH	$6.17	Canaccord Genuity	11.55	11.60	-0.43%
KAR	Karoon Energy	$2.22	Jarden	2.50	2.40	4.17%
ORG	Origin Energy	$9.83	Jarden	9.75	9.35	4.28%
PME	Pro Medicus	$102.09	Goldman Sachs	134.00	88.00	52.27%
QBE	QBE Insurance	$17.48	Goldman Sachs	20.58	18.65	10.35%
QOR	Qoria	$0.43	Canaccord Genuity	0.50	0.40	25.00%
			Wilsons	0.48	0.37	29.73%
RMD	ResMed	$27.63	Jarden	31.33	31.22	0.35%
RWC	Reliance Worldwide	$5.18	Jarden	5.25	5.30	-0.94%
SFR	Sandfire Resources	$9.06	Wilsons	9.90	8.45	17.16%
STO	Santos	$7.69	Jarden	8.20	8.00	2.50%
SUN	Suncorp Group	$16.17	Goldman Sachs	17.54	16.25	7.94%
WDS	Woodside Energy	$29.45	Jarden	30.00	29.00	3.45%
WGX	Westgold Resources	$2.31	Canaccord Genuity	2.65	2.75	-3.64%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

CTT CETTIRE LIMITED

Apparel & Footwear - Overnight Price: $3.15

Petra Capital rates ((CTT)) as Buy (1) -

Petra Capital assesses a strong 3Q update by Cettire with management also confirming a 4Q launch into China, opening up a significant new growth frontier.

For the 3Q, the analyst highlights an acceleration of revenue in February/March over January with active customers rising by 84% year-on-year due to an ongoing strong contribution from repeat customers.

The broker notes 3Q revenue growth was underpinned by ongoing broad-based momentum in both Established and Emerging Markets, while the Delivered margin remained above 20%.

The broker's Buy rating and $5.10 target price are retained.

This report was published on April 15, 2024.

Target price is **$5.10** Current Price is **$3.15** Difference: **$1.95**
If **CTT** meets the Petra Capital target it will return approximately **62%** (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 **7.60** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **41.45**.

Forecast for FY25:

Petra Capital forecasts a full year **FY25** dividend of **0.00** cents and EPS of **10.90** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **28.90**.

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

IEL IDP EDUCATION LIMITED

Education & Tuition – Overnight Price: $16.03

Goldman Sachs rates ((IEL)) as Buy (1) –

Goldman Sachs believes FY25 will represent the peak of industry headwinds and, hence, the trough for IDP Education's volumes and earnings. The company's structural growth outlook and business quality remain unchanged, in the broker's view.

Based on industry feedback, Goldman believes Australian university volumes are still growing, despite negative newsflow. Also, detail on Canadian cap implementation implies the impact on the company should be well below the -28% headline visa reduction.

Due to the Canadian cap, the analysts lowers overall IELTS volumes forecasts for FY24 and FY25 by -9% and -10%, respectively.

The Buy rating is maintained and the target lowered to $25.30 from $26.60.

This report was published on April 15, 2024.

Target price is **$25.30** Current Price is **$16.03** Difference: **$9.27**
If **IEL** meets the Goldman Sachs target it will return approximately **58%** (excluding dividends, fees and charges).
Current consensus price target is **$24.33**, suggesting upside of **51.8%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY24:

Goldman Sachs forecasts a full year **FY24** dividend of **44.00** cents and EPS of **63.00** cents.
At the last closing share price the estimated dividend yield is **2.74%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **25.44**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **62.3**, implying annual growth of **16.8%**.
Current consensus DPS estimate is **46.5**, implying a prospective dividend yield of **2.9%**.
Current consensus EPS estimate suggests the PER is **25.7**.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** dividend of **47.00** cents and EPS of **67.00** cents.
At the last closing share price the estimated dividend yield is **2.93%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **23.93**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **70.7**, implying annual growth of **13.5%**.
Current consensus DPS estimate is **53.6**, implying a prospective dividend yield of **3.3%**.
Current consensus EPS estimate suggests the PER is **22.7**.

Market Sentiment: **0.3**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

MAC METALS ACQUISITION LIMITED

Copper - Overnight Price: $21.00

Wilsons rates ((MAC)) as Initiation of coverage with Overweight (1) -

Wilsons initiates coverage on Metals Acquisition, which is listed on both the ASX and the NYSE, with an Overweight rating and $25 target price.

The company operates one of Australia’s longest running and highest-grade mines, highlights the broker, and joins a short list of pure play, copper producers in the domestic market after listing on the ASX in February this year.

Total copper production at Metals Acquisition's CSA mine, acquired from Glencore in 2023, is expected to grow to more than 50ktpa. As the mine infrastructure is largely already established, the analysts expect relatively little capex requirements.

Management points out the mine lacked attention, as part of the larger Glencore portfolio, and experienced a deterioration in productivity, production and cost performance in recent years.

This report was published on April 12, 2024.

Target price is **$25.00** Current Price is **$21.00** Difference: **$4**
If **MAC** meets the Wilsons target it will return approximately **19%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY24:

Wilsons forecasts a full year **FY24** dividend of **0.00** cents and EPS of **77.59** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **27.07**.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **125.21** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.77**.

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

PME PRO MEDICUS LIMITED

Medical Equipment & Devices - Overnight Price: $100.18

Goldman Sachs rates ((PME)) as Buy (1) -

Goldman Sachs has reinitiated coverage on Pro Medicus, finding the company the "clear incumbent technology leader in a growing market".

As per the broker, the company's Visage 7 technology is core to many health institutions and provides efficiency gains in an industry where demand continues to grow and shortages persist. Compared to peers, the technology provides speed and cloud capability advantages.

The broker considers Pro Medicus well positioned into FY25 given large and high profile contracts.

The broker reinitiates with a Buy rating and a target price of $134.00.

This report was published on April 17, 2024.

Target price is **$134.00** Current Price is **$100.18** Difference: **$33.82**
If **PME** meets the Goldman Sachs target it will return approximately **34%** (excluding dividends, fees and charges).
Current consensus price target is **$78.90**, suggesting downside of **-21.2%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY24:

> Goldman Sachs forecasts a full year **FY24** dividend of **38.00** cents and EPS of **74.00** cents.
> At the last closing share price the estimated dividend yield is **0.38%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **135.38**.
>
> How do these forecasts compare to market consensus projections?
>
> Current consensus EPS estimate is **73.7**, implying annual growth of **26.9%**.
> Current consensus DPS estimate is **37.2**, implying a prospective dividend yield of **0.4%**.
> Current consensus EPS estimate suggests the PER is **135.9**.

Forecast for FY25:

> Goldman Sachs forecasts a full year **FY25** dividend of **50.00** cents and EPS of **97.00** cents.
> At the last closing share price the estimated dividend yield is **0.50%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **103.28**.
>
> How do these forecasts compare to market consensus projections?
>
> Current consensus EPS estimate is **96.5**, implying annual growth of **30.9%**.
> Current consensus DPS estimate is **48.5**, implying a prospective dividend yield of **0.5%**.
> Current consensus EPS estimate suggests the PER is **103.8**.

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

QOR QORIA LIMITED

Software & Services - Overnight Price: $0.42

Canaccord Genuity rates ((QOR)) as Buy (1) -

Canaccord Genuity acknowledges Qoria's enhanced financial guidance for FY24, reflecting an expected early achievement of cash EBITDA breakeven, due to stronger than anticipated business performance.

Management's upgrade follows a notable increase in the annual recurring revenue (ARR) forecast for FY24, marking an upward revision from initial estimates.

Despite the increased investment in capitalised costs, there is no change to cash forecasts. Canaccord Genuity sees significant structural tailwinds for Qoria's consumer products, which are likely to drive future growth.

Canaccord Genuity retains a Buy rating on Qoria with a stable target price of $0.50.

This report was published on April 16, 2024.

Target price is **$0.50** Current Price is **$0.42** Difference: **$0.075**
If **QOR** meets the Canaccord Genuity target it will return approximately **18%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY24:

> Canaccord Genuity forecasts a full year **FY24** dividend of **0.00** cents and EPS of **minus 4.00** cents.

At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 10.63**.

Forecast for FY25:

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 2.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 21.25**.

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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