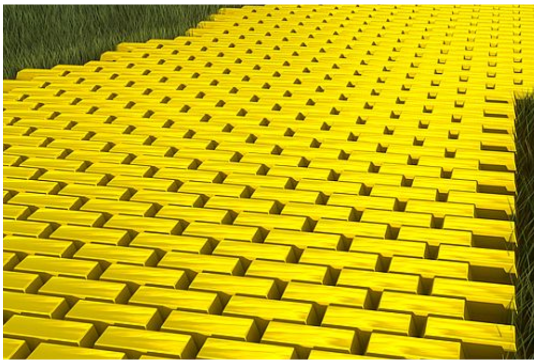
WEEK 46

FINANCIAL NEWS, ANALYSIS & DATA

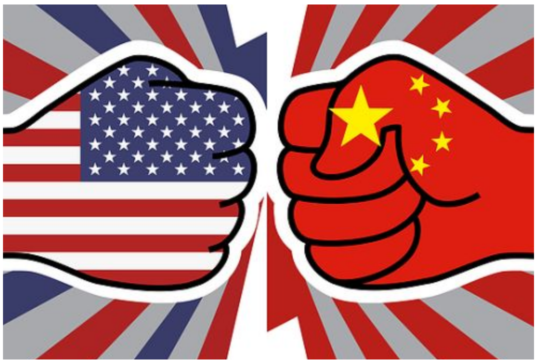
STORIES TO READ FROM FNArena

Friday, 15 November 2024

New-Look Suncorp Ready To Rumble



Unlocking Vault's Golden Potential



Rudi's View: Preparing For The Trump Years

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Financial News, Data & Analysis

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AUSTRALIA

The Market In Numbers - 9 Nov 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	09 Nov 2024	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2024)	Financial Year To Date (FY25)
NZ50	12770.330	1.68%	1.04%	2.79%	8.49%	8.99%
All Ordinaries	8552.60	2.06%	1.55%	0.17%	9.24%	6.72%
S&P ASX 200	8295.10	2.17%	1.66%	0.31%	9.28%	6.79%
S&P ASX 300	8230.20	2.12%	1.59%	0.25%	9.21%	6.77%
Communication Services	1638.80	2.54%	2.11%	2.88%	3.19%	9.17%
Consumer Discretionary	3772.90	2.90%	2.15%	-1.72%	16.44%	7.44%
Consumer Staples	11620.20	0.73%	0.23%	-6.78%	-5.61%	-6.12%
Energy	8698.00	-0.61%	0.44%	-4.72%	-18.12%	-13.29%
Financials	8712.40	3.59%	2.63%	5.97%	29.68%	13.78%
Health Care	45006.00	2.35%	1.22%	2.12%	6.29%	1.69%
Industrials	7490.70	3.67%	3.28%	0.59%	9.10%	9.97%
Info Technology	2736.60	5.83%	5.37%	0.71%	49.30%	16.87%
Materials	17479.70	0.47%	0.67%	-4.57%	-10.32%	3.56%
Real Estate	3865.30	-1.38%	-2.05%	-4.60%	15.46%	8.48%
Utilities	8424.70	1.20%	1.09%	-6.22%	3.00%	-9.27%
A-REITs	1762.10	-1.54%	-2.19%	-4.65%	17.29%	8.48%
All Technology Index	3678.30	5.00%	4.44%	5.88%	36.54%	17.22%
Banks	3676.00	3.53%	2.94%	6.84%	32.25%	15.05%
Gold Index	8892.60	-5.93%	-7.57%	1.96%	20.70%	20.87%
Metals & Mining	5744.80	0.32%	0.69%	-4.12%	-11.16%	3.50%

The World

Index	09 Nov 2024	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2024)	Financial Year To Date (FY25)
FTSE100	8072.39	-1.28%	-0.46%	-2.00%	4.39%	-1.12%
DAX30	19215.48	-0.21%	0.72%	-0.57%	14.71%	5.37%
Hang Seng	20728.19	1.08%	2.02%	-1.92%	21.59%	16.99%
Nikkei 225	39500.37	3.80%	1.07%	4.17%	18.04%	-0.21%
DJIA	43988.99	4.61%	5.33%	3.92%	16.71%	12.45%
S&P500	5995.54	4.66%	5.08%	4.04%	25.70%	9.80%
Nasdaq Comp	19286.78	5.74%	6.59%	6.03%	28.48%	8.76%

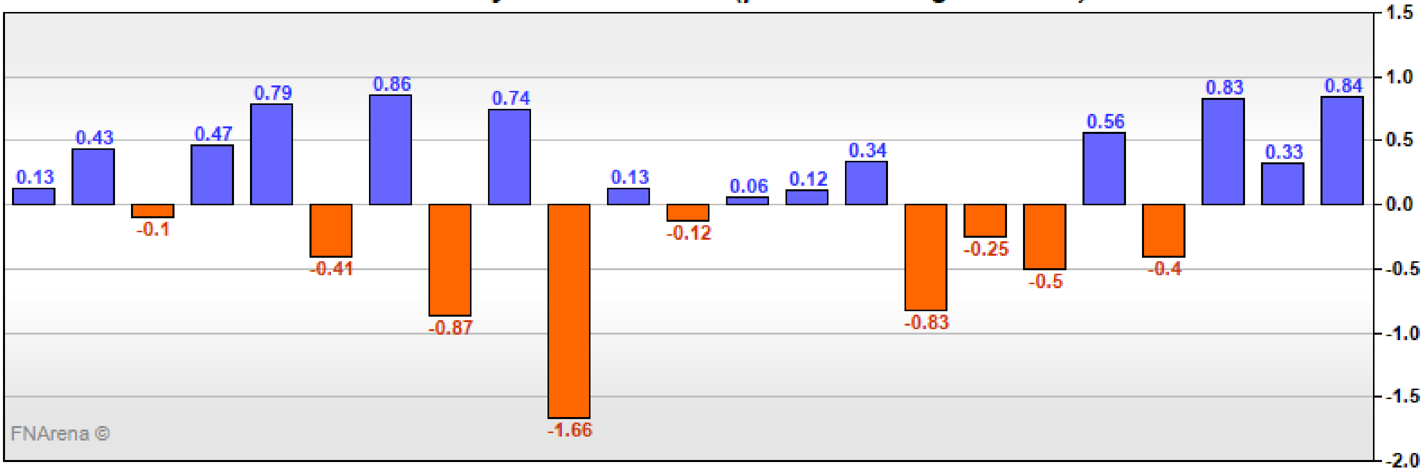
Metals & Minerals

Index	09 Nov 2024	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2024)	Financial Year To Date (FY25)
Gold (oz)	2712.20	-1.52%	-3.08%	1.14%	32.66%	16.01%
Silver (oz)	32.07	-2.23%	-5.50%	0.51%	31.55%	9.65%
Copper (lb)	4.4367	1.68%	1.76%	-3.52%	16.51%	2.38%
Aluminium (lb)	1.2196	3.23%	3.55%	2.78%	25.43%	8.46%
Nickel (lb)	7.4737	5.56%	4.99%	-2.54%	0.49%	-3.91%
Zinc (lb)	1.3807	0.95%	-0.78%	-0.38%	22.77%	4.12%
Uranium (lb) weekly	78.50	-3.09%	-3.09%	-4.27%	-8.72%	-5.71%
Iron Ore (t)	105.22	1.39%	1.10%	13.16%	-23.88%	-1.21%

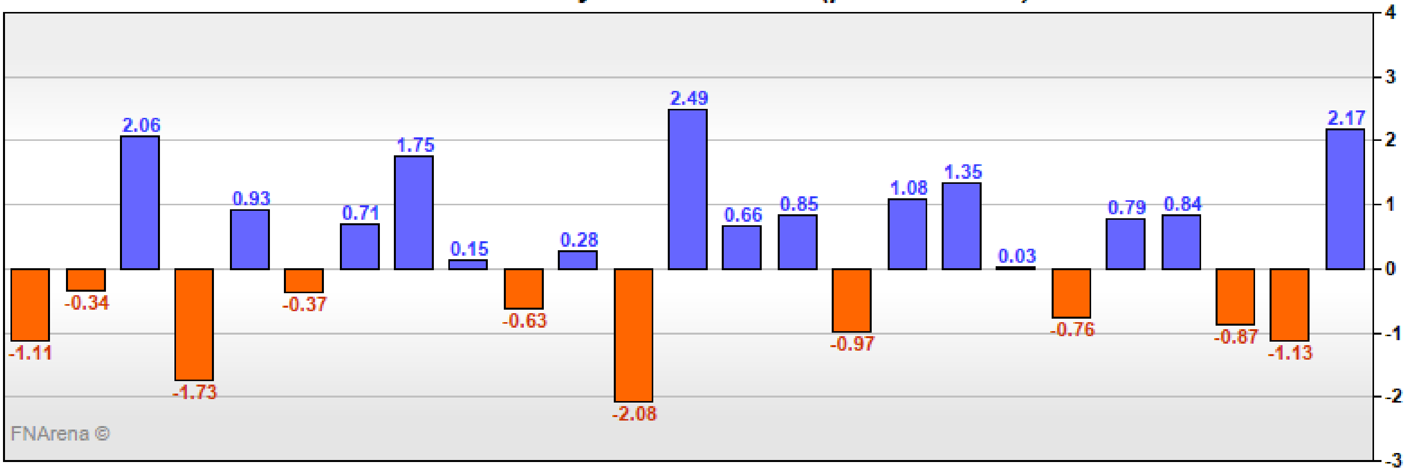
Energy

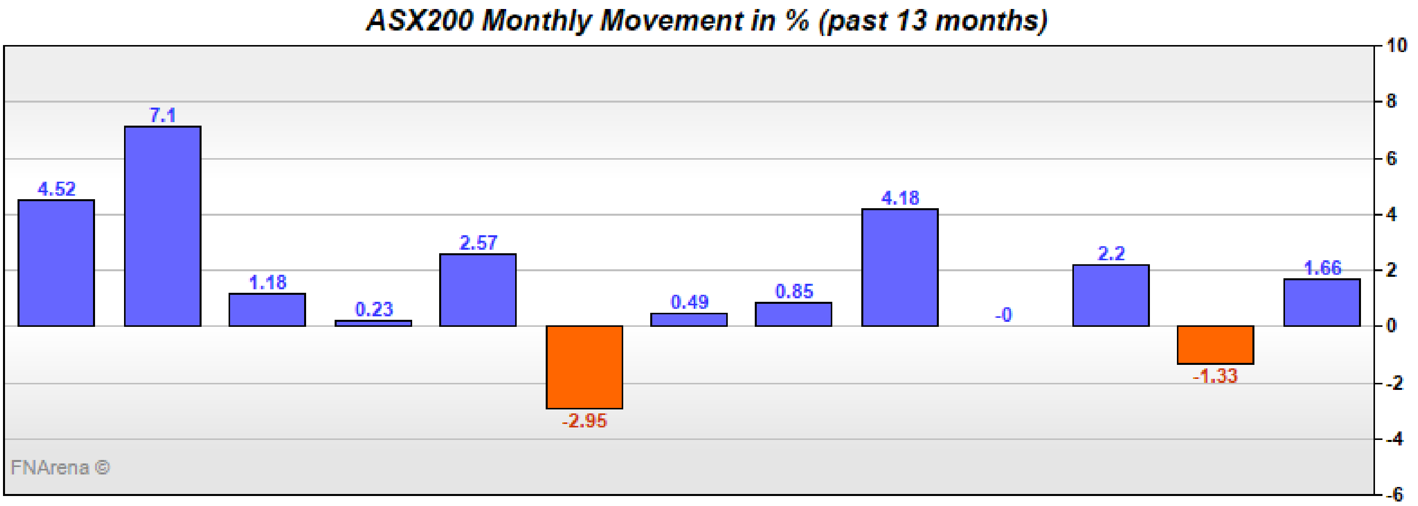
Index	09 Nov 2024	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2024)	Financial Year To Date (FY25)
West Texas Crude	71.98	2.07%	4.18%	4.87%	-2.48%	-12.07%
Brent Crude	75.36	1.73%	3.64%	5.34%	-4.92%	-11.80%

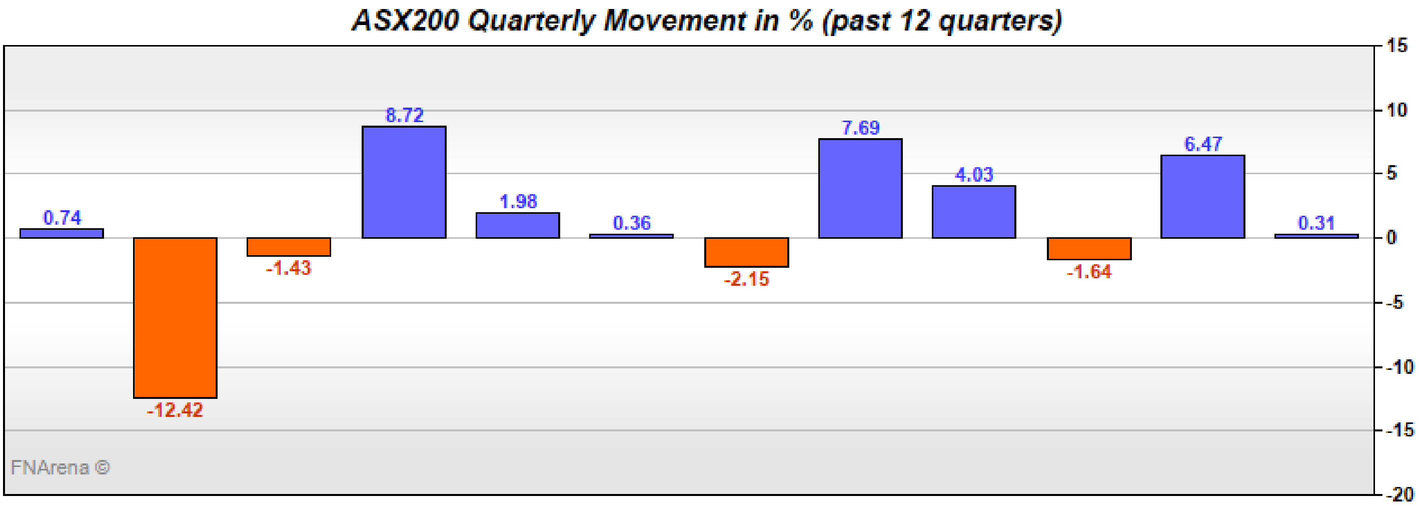
ASX200 Daily Movement in % (past 23 trading sessions)



ASX200 Weekly Movement in % (past 25 weeks)







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

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AUSTRALIA

Coles Wins The Battle, But The War?

Coles has managed cost-of-living pressures better than its key rival and investment in efficiency adds up to more positive views. But margin pressure prevails.

-Coles performs better on margins than Woolworths supermarkets
-Strong execution in the face of consumer pressure
-Investment in automated distribution a longer term positive
-Margin pressure remains, but analysts are positive

By Greg Peel

As is the case with rival Woolworths Group ((WOW)), Coles Group ((COL)) remains under a regulatory cloud until the ACCC issues its recommendations regarding supermarket behaviour in February. And as was the case with Woolworths, Coles' September quarter revenues suffered from consumers trading down to better value in the face of cost-of-living pressures.

[*No Quick Fix For Woolworths' Margins*; November 6; https://fnarena.com/index.php/2024/11/06/no-quick-fix-for-woolworths-margins/]

Coles reported a 3.5% increase year on year in September quarter sales, and like-for-like sales in food of 2.4%. This was a little below expectation and in line with Woolworths' 2.3%. Liquor sales proved a drag, and a survey by Citi found Liquorland is underperforming Dan Murphy's/BWS, while overall consumption is declining for health and financial reasons.

Like Woolworths, Coles pointed to consumers trading down, citing a larger focus on promotions and loyalty programs, increased popularity of own-brand, and strong growth in lower-margin eCommerce (click & collect). Coles' eCommerce growth of 22.4% was slightly below Woolworths' 23.6%, while higher-margin in-store sales grew 1.6% to Woolworths' 0.7%.

It is notable that unlike Woolworths, Coles did not have a collectibles (such as Little Shop) promotion during the period.

One factor Coles pointed to that was not cited by its rival was an increase in cross-shopping consumers spreading their business across all of Coles, Woolworths and Aldi in a search for the best value. But most notably, despite equivalent trade-down from consumers, Coles made no mention of subsequent margin pressure that was highlighted by Woolworths and which had led to a profit warning beforehand.

Citi in particular was encouraged Coles didn't detect a material change in consumer behaviour more recently and did not issue a downgrade.

Better Job

Importantly, notes UBS, Coles was able to manage the shift to value as consumers shopped more promotions, more private label and more online, all of which provide negative impacts to gross margin and cost-of-doing-business to sales.

Coles has managed these via: (1) a focus on promotional effectiveness (fewer, better executed, less disruption to stores); (2) greater in-store sales growth than its rival; (3) reduced stock loss (theft) from a year ago; (4) retail media growth; (5) distribution centre cost savings; and (6) the company's "Simplify & Save to Invest" program which provided an inflation offset.

In Macquarie's view, Coles will have greater protection directionally from margin pressures with the group having a lower earnings margin start point and several tailwinds to support margins in FY25, including stock loss, retail media and the Simplify & Save to Invest program.

Coles is navigating a challenging period for Australian supermarkets, managing government and regulatory scrutiny, deflation, and cost pressures effectively, Ord Minnett suggests. The group's strategy to focus on its core food business while maintaining cost control is proving successful. Coles has not seen significant changes in consumer behaviour around promotions or promotional funding, and its promotional strategy is improving consumer value perceptions.

Woolworths' price investment and margin commentary have not hindered Coles' progress, Ord Minnett notes, as Coles' sales growth in October outpaced Woolworths by 3.5% to 3.0%.

Jarden believes Coles is executing better and its focus on right product, right price, right time is serving the company well and resonating with consumers.

More Robots

Alongside the update, management announced the development of a new -$880m automated distribution centre in Victoria, which will be in addition to its recently completed ADCs in NSW and Queensland. The Victorian facility will have 15% more capacity than the existing ADCs and will service all stores in Victoria and Tasmania, resulting in full automation of the ADC network across the east coast once complete.

Based on the NSW and Queensland projects, Macquarie estimates there is a -1-3% headwind to earnings between FY27 and FY29 due to implementation costs, rolling off on completion. In the long term, Macquarie believes this will drive greater efficiency across the business once complete some time in FY29.

While the -$880m project cost is slightly higher than the -$750m Citi had expected, this broker still believes it's worthwhile and expects some $100m of cost-of-goods-sold benefits to come through around FY31-32. Coles is clearly satisfied with the success of the first two ADCs, Citi suggests, providing more confidence in the near-term earnings outlook.

Citi expects the existing ADCs to deliver $105m of savings in FY25, with the full benefit of $140m expected in FY26.

FY25 is expected by Ord Minnett to be an important year for Coles, with the implementation of the NSW ADC (Witron) and Ocado customer fulfillment centre (CFC) projects, the benefits of which should be fully realised in FY26. Remaining theft normalisation is also expected to benefit FY26, hence the broker notes Coles will have considerable savings to invest for growth in FY26, supporting profit delivery and market share gains.

Margins Stll A Risk

In Morgans' view, Coles is a well-managed business with defensive characteristics and strong market positions in both supermarkets and liquor. Yet, while management continues to execute well in relation to operating efficiency, product availability, and reducing loss, there is uncertainty on the margin outlook due to customers remaining highly value-conscious, the ongoing shift in the sales mix towards eCommerce, and political pressure to reduce prices.

Morgans therefore sees Coles' current valuation as relatively full and retains a Hold rating.

Most brokers have lowered FY25 earnings forecasts, citing slower sales growth in both supermarkets and liquor, plus lower margins.

Tightly managed capex should reward shareholders with healthy free cash flow and dividends, Ord Minnett suggests. Beyond FY25, Coles has several earnings drivers in FY26, underpinning this broker's confidence in earnings growth. The risk-reward is attractive to Ord Minnett, with Coles trading at a -16% discount to Woolworths. The broker has upgraded to Accumulate from Hold.

While lowering its profit forecasts, Bell Potter retains a Buy rating, seeing FY25 as a year of consolidation on a reported basis, but continuing to see Coles as providing an attractive earnings growth profile through to FY27 on an underlying basis. This prospect is driven by cumulative savings by FY27 through Simplify & Save to Invest, sustained benefit of lower theft rates, delivering targeted returns on its ADC and CFC capex, and expansion of the store network at the pace of population growth.

Macquarie retains Outperform, attracted to relative earnings certainty for Coles' supermarkets despite weakness in liquor. This broker expects profitability to be supported by long-term investment into efficiency initiatives.

UBS cuts earnings forecasts but retains Buy due to supermarkets upside. Morgan Stanley retains an Equal-weight rating.

Citi continues to believe the benefits to gross profit margin from lower theft, Witron ADC, lower tobacco sales and retail media growth are being underestimated by consensus. Coles remains the broker's top pick in supermarkets, hence Buy.

That leaves five Buy or equivalent ratings and two Hold for Coles among brokers monitored daily by FNArena, compared to one Buy and five Hold for Woolworths. On earnings forecasts cuts, the consensus target has fallen to $19.61 from $20.11.

Goldman Sachs retains Neutral, expecting strong supermarket execution from Coles into the December quarter and FY25 but noting competition is intensifying. Negative like-for-like liquor sales are also driving margin erosion. And the new Victorian ADC build will soften return on invested capital through to FY27. Goldman's target falls to $18.50 from $19.10.

Coles is executing well, says Jarden. It is sticking to strategy and delivering a consistent message. This broker believes we may be nearing the end of the capex step-up, with the third ADC the last in the near term, and the growth of online is likely to mean a material lift in new stores/store refurbishments is looking unlikely.

In Jarden's view, the key catalyst will be Coles' ability to demonstrate sustained market share gains in a rational market and, as we enter the second half, the broker expects this to be challenging for Coles as Woolworths cycles easier comparables and consumers begin to focus less on price, as is being seen in the US/UK. If this does not eventuate, Jarden would look to become more positive on Coles, with risk to Woolworths.

For now, Jarden's preference remains for Woolworths (Buy) over Coles (Neutral), owing to it being largely past the capex peak and having more longer-term profit upside. The broker acknowledges near-term execution risk remains as Coles realigns costs, promotions and loss-making units.

Jarden cuts its target for Coles to $16.90 from $17.10.

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AUSTRALIA

Breville Takes On Trump's Tariffs

Breville is already responding to impending tariffs on goods manufactured in China for import into the US under the Trump administration, to get ahead of the game.

-Breville Group's first half sales continue positive trends
-US inventory build-up ahead of tariffs
-Manufacturing already being moved out of China
-Competition risk rising

By Greg Peel

Faster than you can make a ham and cheese toastie, Breville Group ((BRG)), which these days thrives on its coffee-makers ahead of its traditional toastie-makers and other kitchen appliances, has responded to Trump's re-election. Breville manufactures its products in China, and generates 55% of its revenue in the US.

Trump has constantly threatened to place tariffs on all imported products into the US of 10% (or maybe 20%) and 60% (or maybe more) on products manufactured in China. The level varied during his many rambling rally speeches, but on the other hand, it is assumed there must be at least some sensible people in MAGA Land that will point out the implications of such a policy, and affect some sort of reining in. Perhaps only 30% for China, for example.

As for appreciating the tariff-inflation relationship, well that's another story.

While the final policy will not be known before the Trump administration kicks off in January, global companies have already been responding on the assumption of some sort of tariff headwind. China is the manufacturing centre of the world for an enormous amount of foreign companies. One response is to start easing up selling prices (in some cases even before Trump's victory was decided) to abrogate the pain of a potentially large price jump ahead.

Management at Breville has also flagged responses of its own.

Trading Update

The tariff warning was included in Breville's September quarter update, which revealed the sales strength the company enjoyed in the second half of FY24 has continued into the first half of FY25, with group sales up 12%.

In the period to date, all three "theatres", being the US, Asia-Pacific and Europe, are performing as expected. Asia-Pacific sales slipped in the first half, but have now turned positive. Logistics costs have picked up but have largely been offset by reductions in freight costs, affecting a neutral impact on gross margin. The distribution segment is continuing to grow gross profit.

On the whole, said management, business is performing "between the goalposts", implying within Breville's FY25 planning parameters.

But then there's the tariff risk.

In order to get ahead of the game, Breville plans to build inventory unabated in the US in order to maintain pricing levels post tariff introduction, at least for a while. RBC Capital suggests inventory build will be a negative insofar as it would increase Breville's working capital intensity. However, Breville's demonstrated ability to manage through elevated covid inventory levels in recent years should give investors some comfort this time around.

The second response is to move 120 volt production (US) out of China, a process the company had already begun. A re-allocation to the likes of Mexico, Vietnam and Cambodia will reduce tariff risk (in terms of size of tariff).

This project started two years ago, Morgan Stanley notes, with the first incremental production going live around March next year. The project is expected to be some 80% complete by the end of 2025. RBC Capital does see some risks a shift of production out of China may result in impacts to one or both of gross margin or product quality.

Breville is known for its quality products. While its coffee-maker penetration is smaller than the big names of Nespresso, DeLonghi, Whirlpool and Electrolux, Breville has consistently grown sales post-covid when its competitors have flatlined or gone backwards.

Goldman Sachs understands Breville's coffee machines and most other kitchen appliances (oven, microwave, toaster etc) are covered within List 4 of the Section 301 tariffs, which is currently taxed at 0-7.5% and may increase to 5-17.5%, i.e. an incremental 5-10% tariff to be levied on the importer. Assuming the import value is around 50% of the final retail price, Goldman would expect retail prices will need to be increased by 2.5%-5% to digest the incremental tariff.

While this could have some negative volume impact, Goldman does not see coffee-makers as highly price sensitive products (Breville has implemented price increases in the past without significant volume impact). Against other industry peers who may also be facing similar inflationary pressures, the broker does not at this stage see this as a material impact, though would need to further clarify with management.

Everyone will be in the same boat, of course, including Breville's competitors. The vast majority of small household appliances are produced in China, Ord Minnett notes, so competitors will have to contend with the same issue of increasing costs. In the very near term, there is a likelihood demand for consumer products in the US will rise as consumers prepare for price increases.

Competition

Speaking of competition, brokers see an increase as another risk for Breville along with tariffs. While Citi acknowledges Breville has multiple organic growth drivers (new product development, geographic expansion, ongoing coffee market tailwinds) and its asset-light model is attractive in a soft consumer backdrop, Citi thinks the market may be under-appreciating the risk around rising competition in the coffee category.

Competitor entrants in coffee (SharkNinja, Whirlpool's KitchenAid, Philips entering Europe) will help grow the market, Petra Capital believes, and Breville did well in countering DeLonghi's recent marketing push, but it will raise medium and long-term competitive risks and thus will cap Breville's upper PE trading range.

Petra further points out Breville will be cycling stronger sales comparables in the second half FY25 amid elevated global macro risks.

Valuation

Among brokers monitored daily by FNArena, Macquarie (Outperform), Morgans (Hold) and UBS (downgrade to Neutral from Buy) have not updated in response to Breville's trading update.

Morgan Stanley retains an Overweight rating, viewing earnings risks from tariffs as more of a one-off and temporary in nature.

Noting tariff risk is the same for everyone, and the likelihood of increased US sales ahead of tariff introduction, Ord Minnett retains an Accumulate rating.

Further to Citi's warning regarding new competition, this broker also suggests the stock appears expensive, even when adjusting for growth, although a premium relative to peers may be warranted given the company's consistent execution. For Citi to turn more positive than its current Neutral rating, the broker would need to hear from the company around the timing of new direct market entries.

That leaves three Buy or equivalent, and three Hold ratings among the aforementioned brokers, with a consensus target price of $33.73.

Given Goldman Sachs does not see a material impact from tariffs at this stage, this broker is sticking with Buy and a target of $34.20.

Breville is a global leader, notes Jarden, with a growing addressable market and proven record, and is well positioned to deliver comparatively de-risked double-digit earnings growth on a five year-plus timeline. In Jarden's view, this warrants a premium multiple given brand resilience and the market not appropriately reflecting the Asian opportunity (growing scale in South Korea, expanding into Japan and China).

The above, coupled with an improving macro backdrop and green shoots in all "theatres", should see Breville's top-line accelerate into FY25, Jarden suggests. Coupled with a kick from the covid replacement cycle, consensus sales risk should remain skewed to the upside.

The above said, at a 33x PE, Jarden believes this is reflected in the multiple and retains a Neutral rating with a low-end $26.30 target.

RBC Capital has a Sector Perform rating and a $27.00 target.

Petra Capital has made no material earnings forecast changes and has an unchanged target of $28.30. While from the bottom-up, Petra views Breville as a high quality business, top-down headwinds have increased which the broker expects will de-rate the stock off its elevated valuation. On a 12-month horizon, Petra retains its Sell rating.

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AUSTRALIA

Uncertainty Awaits Incitec's Pivot

Incitec Pivot's strategic renewal set to hit a FY25 hiccup unless management can pull off the separation of its fertiliser business.

-Incitec Pivot's FY24 results beat expectations
-Explosives yet again identified as the highlight
-The on again, off again separation of fertilisers
-Most analysts reduce forecasts, though outlook looks better
-Re-rating catalyst for Incitec Pivot's valuation

By Danielle Ecuyer

FY24 results down but better than expected

The latest FY24 results from Incitec Pivot ((IPL)) ticked many boxes for investors; nevertheless, brokers described the financials in a range of terms from *"dynamic*," according to Ord Minnett, to a *"strong beat"* and *"better-than-expected"*, with Citi using the more constrained adjective *"solid"*. RBC Capital didn't mince words with *"messy."*

On balance, brokers generally agree Australia's largest supplier of fertilisers, and the largest supplier of explosives/services in North America and second largest globally, achieved a higher-than-forecast FY24 earnings result, beating consensus estimates.

While the result was dominated by one off write-downs, underlying EBIT and net profit after tax came in 9.9% and 13.5% ahead of expectation.. EBIT ex-one offs of $580m was still -34% below the $880m achieved in FY23. Net profit after tax fell -31% on FY23 mainly due to business unit closures and production issues at Phosphate Hill.

Explosives were the highlight; Macquarie pointed to Dyno Nobel Asia Pacific which generated 36% earnings growth.

Citi explains the division achieved $45m in growth over the previous corresponding period from re-contracted customer outcomes in Australia. Morgans estimates a $64m benefit from the transformation program, which relates to the re-contracting boost in Asia Pacific versus management's guidance of around $50m.

Most of the customer contract book has now been renewed.

Growth in Metals customers from higher activity levels helped boost revenue by $22m over the prior year. Technology growth contributed another $11m on FY23 due to robust electronics and differentiated energy emulsion volumes, Citi explains.

Morgans assessed Dyno Nobel North America reported stronger-than-guidance results, with 13% growth in EBIT, above the analyst's forecast. The result included a US$3m asset sale and an increase in the EBIT margin to 13.3% from 11.7% due to a better sales mix of metals versus coal.

A 10-month inclusion of the new Waggaman off-take agreement added US$4m.

Macquarie views Dyno Nobel's transformation as progressing well. The FY24 results confirmed management achieved 21% of the targeted $300m in transformation benefits, with another 40%-50% expected in FY25.

FY24 fertiliser results were impacted by the closure of Gibson Island and manufacturing issues at Phosphate Hill in 1H24, although the run rate increased to 950kt p.a. in 2H24.

Incitec achieved a record EBIT of $60m from distribution, a rise of 32% on FY23, supported by higher average rainfall on the Australian east coast, driving strong customer demand, Citi detailed.

Cash flow conversion was a weak spot in the results, down by -59% year-on-year due to lower earnings and higher total workforce costs.

Macquarie notes net debt of $652m exceeded the broker's forecast of $499m, reflecting the lower cash flow conversion.

How is FY25 shaping up?

While the FY24 results were a positive for shareholders, the real focus and potential negative overhang on the stock is the renewed proposal to divest the fertiliser assets. Management previously ceased negotiations for the sale in early July this year but has put the separation of fertilisers back on the agenda.

Morgans believes the achievable sale price for fertilisers will be *"poor,"* with management writing down the business by another -$940.9m pre-tax to $791m after tax, leaving the book value for fertiliser at $414.3m.

Under the previous sale process, management had expectations for proceeds over $1bn. Perhaps this explains why negotiations were canceled in July and then reality set in.

Management has recommitted to completing the separation within the next six to twelve months. Citi outlines the differentiated sales processes for distribution and Gibson Island real estate are expected to start in early 2025, with the Phosphate Hill review by September 2025 and Geelong manufacturing to end by December 2025, with a transition to an import model.

Morgan Stanley explains the disappointing results from the Phosphate Hill plant, and while divestment remains the aim, certain outcomes remain "elusive." This broker expects lower production for the plant in FY25 and FY26, noting Phosphate Hill only reached 900kt p.a. in three years out of the last decade and remains well short of its nameplate capacity of 980kt p.a. or the strategic target of 950kt annually.

JP Morgan views the timing of the separation as an *"overhang"* for the stock, while acknowledging the strategic re-orientation toward future earnings with less volatility from fertilisers is positive.

Strategically, the relatively new CEO, in place since Jan 2024, is working to re-orient earnings with a robust outlook for explosives, more predictable earnings, and stronger technology capabilities, all aimed at delivering a valuation re-rating of the company.

Earnings downgraded but average target price rises

While management did not provide fiscal guidance, FNArena's daily monitored brokers reduced FY25 earnings forecasts due to Phosphate Hill, softer distribution guidance, and lower-than-anticipated growth in North American explosives.

The more positive observation is, while most forecasts are being pared back, the outlook promises a return to profitability and growth, albeit off a sharply negative FY24.

RBC Capital, referencing management's statement, suggests momentum will continue into FY25: *"FY25 is expected to be strong, supported by transformation activities focusing on areas such as price discipline, cost management, recontracting benefits, and improved margins from technology."*

RBC stands out with a Buy-equivalent rating and a $3.90 target price, raised from $3.60, citing management's resumption of a $900m on-market share buyback, with $149m completed thus far. Goldman Sachs is also Buy rated with a $3.25 target. JP Morgan has a Hold-equivalent rating with a $3.20 target.

Ord Minnett (target price $3.45) is the only daily monitored broker with a Buy-equivalent rating. Morgan Stanley (target price $2.90), Macquarie (target price $3.05), Citi (target price $3.20), and Morgans (target price $3.15) are all Hold-equivalent rated.

The FNArena consensus target price has risen 5% post FY24 results. Only daily monitored brokers are included in the calculation.

Morgan Stanley aptly summarises the stock's outlook, noting management needs to execute the ongoing transformation, including full separation of the fertilisers business, to achieve a re-rating of the stock.

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AUSTRALIA

New-Look Suncorp Ready To Rumble

Stripped of its banking division, standalone insurer Suncorp has outlined ambitions for modernisation, market share gains and capital management.

-Insurer Suncorp to invest in technology modernisation
-Funding from bank and NZ Life sales, with margin guidance unchanged
-Targeting increased general insurance market share gains
-Capital to be returned through dividends and buybacks

By Greg Peel

Last week Suncorp Group ((SUN)) hosted its first investor day as a standalone insurance company post the divestment of its banking division to ANZ Bank ((ANZ)). Suncorp expects the net proceeds of the banking division to be some $4.1bn, to be returned to shareholders around the end of the March quarter next year, "subject to the capital needs of the business".

The investor day revealed an increasing focus on technology modernisation and simplification, enabled by investment in two strategic initiatives: platform modernisation, centred on the Digital Insurer platform transformation; and operational excellence, which includes the deployment of new AI capabilities.

While Suncorp has completed a number of IT transformations, UBS notes, upgrading customer interfaces, core data and pricing platforms and migrating to the cloud, it continues to run legacy 1980s policy administration systems (PAS). A new $560m technology investment program will enable Suncorp to upgrade its PAS with 90% of the spend by the end of FY27.

Crucially, UBS declares, with the step-up in digital investment captured in the existing expense ratio envelope, Suncorp still expects to deliver "towards the top" of its 10-12% insurance trading ratio margin range in FY25. Guidance for margins towards the top of the range is unchanged, despite the insurer planning to spend -$560m on technology. The sale of the New Zealand Life business is nevertheless expected to provide $270m.

While Suncorp has delivered stronger volumes than Insurance Australia Group ((IAG)) in recent years, UBS suggests closing the technology gap to newer entrants should further assist on the growth front.

Technology investment appears sensible, notes Macquarie, but could ultimately challenge investors' expectations that the full $4.1bn of net bank sale proceeds will be returned in March.

As the premium cycle begins to wane following several years of compound rate increases, Jarden believes this investment should position Suncorp well to defend its current market share and to pursue organic growth.

The insurer's new ambition is to reach number one market share in Australian Motor and Home insurance and number two in Australian Commercial, all within target margins.

Clearly, says Citi, Suncorp is aiming to modernise itself as quickly as possible. Whether this will merely bring it up to competitors or take it ahead of them is harder to determine.

Reinsurance

Suncorp's reinsurance program closely matches that of IAG, notes Ord Minnett, except in years with multiple large events in which Suncorp's exposure is higher. Suncorp plans to review its reinsurance options at the next fiscal year 2026 (FY26) renewal. While it may replicate IAG's catastrophe stop-loss cover, this could lead to earnings downgrades to fund the cover, Ord Minnett warns, assuming IAG does not advance in the meantime.

Still cognisant of investor focus, Citi suggests, Suncorp promises to explore new types of cover but suggests timing, the political landscape and sustainability are important considerations. Management has, however, promised to update the market further on this alongside its FY26 program renewal.

The insurer's current view of reinsurance rates on 1 July 2025 is these are likely to be off slightly and it believes Hurricanes Helene and Milton will not have a significant impact on Australian/NZ pricing.

With IAG's new stop-loss reinsurance cover sustaining its PE premium of some 10% (FY26 forecasts) to Suncorp despite the bank sale, Suncorp will look to review its reinsurance structures into FY26. Consistent with UBS modelling, the insurer believes a stop-loss would deliver broadly equivalent earnings on average relative to its current traditional structure.

As such, whilst economic benefits are less clear, UBS sees upside value optionality here given the premium being placed on lower volatility.

While Suncorp assumes marginally more volatility, it is not prepared to "pay profit away in the form of margins to reinsurers," Macquarie notes. Suncorp will continue to reassess its reinsurance options, but the timing remains subject to the market pricing cycle.

Capital Management

Suncorp plans to take a conservative approach to managing its balance sheet, and will operate capital in the "top half of the target range". The plan is to periodically return capital "in excess of the needs of the business" via active on-market buy-back facility.

The dividend payout ratio target is unchanged at 60-80% with 20% of earnings to be used to fund business growth and the remainder to fund buybacks, with help from the NZ Life sale proceeds.

UBS continues to see capital management as an upside risk to earnings with Suncorp confirming NZ Life sale proceeds will seed an ongoing buyback facility boosted by some 10% per annum surplus earnings retention, supporting UBS' $225m per annum buyback outlook.

Morgan Stanley thinks to achieve its return on tangible equity ambition, Suncorp will need to increase its use of gearing via debt and/or reinsurance. This broker believes this could lead to Suncorp returning up to $7bn of capital over the next few years, including the $4.1bn from the bank sale net proceeds.

Suncorp flagged it has $510m surplus capital post the bank sale via stranded hybrids, though gave no indication of how it will be used.

Preference Divergence

Suncorp suggested at the investor day motor pricing has started to come off a bit, as expected, although home is largely holding firm. In personal injury, the insurer is seeing prices go up a little more than expected, primarily reflecting a lift in claims frequency in NSW CTP. Management also flagged some portfolios in commercial have seen pricing come off a little more than expected.

This appears consistent to Citi with other industry feedback with inflation softening in NZ also flagged. Cit retains a Neutral rating.

Pro-formas for expectations after the bank and NZ Life sales should "clean up" consensus, Macquarie suggests, which will assist the broker in being more constructive on the stock. In the interim, understanding market expectations is proving difficult, thus Macquarie maintains a Neutral recommendation.

Suncorp is well-managed, Ord Minnett suggests, operating at a market-leading expense ratio and top margin, and the shares trade at a PE discount to IAG's. Despite an Accumulate rating on Suncorp based on upside to the broker's price target, IAG remains Ord Minnett's preferred insurer at current prices.

While UBS' earnings forecasts and target are unchanged, this broker believes risks remain skewed to the upside, reflecting scope for lower inflation to boost near-term insurance trading ratio margins, growing potential for catastrophe budget beats and PE re-rate potential reflecting greater acknowledgment of capital management and reinsurance optionality.

While QBE Insurance ((QBE)) remains UBS' top general insurance pick (Buy), UBS prefers Suncorp (Buy) over IAG (Neutral) across domestic general insurance.

At its investor day, Suncorp re-affirmed guidance and stated an ambition to lift its return on tangible capital. Morgan Stanley thinks investors will welcome this, retaining an Overweight rating.

Of the six brokers monitored daily by FNArena covering Suncorp, four have Buy or equivalent ratings and two are on Hold, noting Morgans (Add) has not updated on the investor day. The consensus target is $19.14, on a range from $17.00 (Macquarie) to $20.50 (Morgan Stanley).

By comparison, IAG has three Buy and three Hold ratings, while QBE has six Buy and one Hold (with Bell Potter the extra broker).

Goldman Sachs is favourably disposed to Suncorp, noting in large part the tailwinds that exist in the general insurance market in the form of strong premium rate increases. Suncorp's underlying margins are also expected to stay within 10-12% with rate increases largely offsetting yield pressure into FY25-26. Separate to the broker's thesis, Goldman also sees possible catalysts on the horizon including alternative reinsurance structures similar to IAG.

Goldman Sachs is Buy-rated, with a $19.20 target.

While the benefits of Suncorp's technology modernisation program are currently unquantified, Jarden notes, with the cost of implementation embedded within existing margins, successful execution on initiatives could underpin upside over the medium term. Overall, with margins for Home insurance likely to recover and further optionality should Suncorp secure an alternative reinsurance program, Jarden retains an Overweight rating and $17.50 target.

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COMMODITIES

Material Matters: Global LNG, Aussie Gas & Iron

Global LNG fundamentals are set to transform over the next few years; higher short-term gas prices domestically; and near-term support for the iron ore price.

-A potential reshaping of LNG market fundamentals?
-Global LNG supply may rise by 50% in the next decade
-ANZ Bank predicts higher near-term Australian gas prices
-Support for iron ore prices, but headwinds looming

By Mark Woodruff

A potential reshaping of LNG market fundamentals?

A wave of new supply coming online in the global liquefied natural gas (LNG) market over the next several years, combined with the evolving dynamics of global demand, has the potential to reshape market fundamentals.

Broader implications arise compared to prior jumps in supply due to the increasing inter-linkages between regional gas markets following the Russia-Ukraine conflict, explains RBC Capital Markets.

This broker believes LNG demand is also set to rise, driven by both higher energy consumption in certain markets as well as broader decarbonisation initiatives.

Regarding supply, RBC points to significant projects in the US and Qatar through 2030, alongside other expansions elsewhere.

Based on projects currently under construction and due to start-up in the coming years, **global LNG supply is expected to increase by roughly 50% over the next decade.**

After weighing substantial new capacity from these projects under construction, and potential contributions from unsanctioned projects, the broker foresees a surplus emerging towards the end of 2026, and continuing until 2030.

By 2030, RBC expects the US and Qatar will remain the biggest suppliers with a combined market share of nearly 50%.

On the demand front, Asia remains a crucial driver given the significant consumption expected from countries like China, South Korea, and India.

China's demand for LNG is projected to rise steadily, notes RBC, driven by its energy transition strategy, which includes reducing coal dependency and expanding the use of natural gas in industrial sectors.

Similarly, India is poised to grow as a key LNG consumer due to its ongoing efforts to increase natural gas's share in the country's energy mix, both to meet rising energy demands and reduce carbon emissions.

Despite being further along in its energy transition, South Korea will likely maintain a steady demand for LNG, according to the broker, as part of its strategy to stabilise the country's energy supply.

The only exception in the region will be Japan where reactor restarts will see nuclear regain market share it lost following the 2011 Fukushima disaster, explains RBC.

Together, Asia and Europe Asia and Europe account for between 88-93% of the global LNG market demand.

While Asia spearheads upcoming growth, Europe will likely experience stabilisation in LNG demand.

European countries have increased imports to reduce dependency on Russian gas, notes RBC, especially in light of geopolitical tensions affecting supply lines, such as the risk of Russian pipeline gas loss through Ukraine.

Although energy efficiency measures and renewable energy adoption are tempering Europe's LNG demand growth, there is expected to be a transitional increase in LNG imports to replace declining domestic production.

RBC suggests this increase may create temporary tightness before the market eases as European renewable capacity and efficiency measures mature.

The LNG market will continue to experience elevated prices in the near-term, according to the broker, primarily due to current supply constraints and ongoing geopolitical risks, which have added a layer of volatility to global energy markets.

By contrast, as new projects reach completion, the market will eventually experience a rebalancing phase around 2026, which the analysts suggest could lead to a stabilisation or even a decline in LNG prices as supply overtakes demand growth.

The Dutch Title Transfer Facility (TTF) Natural Gas Futures contracts for 2026 has jumped by 30% since its nadir in February and currently sits at around US$11/mmbtu, which RBC considers overpriced given the outlook for market fundamentals.

The broker sees scope for prices to move below double digits as new capacity comes online.

RBC also highlights a shift in contracting practices within the LNG market.

Recent price volatility has driven a preference among Asian buyers for long-term contracts to secure stable and reliable LNG supply, explains the broker, particularly in Japan, South Korea, and China.

These contracts provide a hedge against price spikes and supply disruptions, offering greater predictability for both suppliers and consumers in a market known for its cyclical volatility.

ANZ Bank predicts higher near-term Australian gas prices

ANZ Bank commodity strategists forecast upward pressure on domestic gas prices in the coming months, as market tightness is expected to intensify with increasing volumes redirected to the international market, despite policy measures aimed at supporting domestic supply.

Failing to meet inventory targets could lead to limited buffers against unexpected production drops or demand surges.

East coast gas storage levels have recently hit record lows, with overall gas demand rising by 5% year-on-year in the third quarter of 2024, despite coal seam gas production reaching new highs, explains ANZ.

Refilling these storage facilities may be challenging, notes the bank, if warmer-than-average summer temperatures drive up demand and strong international demand persists.

ANZ suggests LNG producers in Queensland are crucial to rebuilding east coast gas inventories, yet strong demand and favourable international prices may divert supplies from the domestic market.

Taking advantage of higher prices, exports to the spot market now account for nearly 30% of total domestic production, with global geopolitical tensions limiting supply at key choke points, explains the bank.

LNG demand across Asia has reached new highs, while Europe has become increasingly dependent on international LNG as Russian gas flows via Ukraine are expected to cease next year, following Kyiv's indication it will not renew its agreement with Gazprom.

One factor offsetting upward pressure on gas prices could be the performance of rooftop solar power generation.

ANZ Bank explains a hot summer would likely boost output from this sector, reducing the operational demand for gas-fired electricity generation.

Support for iron ore prices, but headwinds looming

Citi expects near-term steel exports and production in China to remain elevated, likely pressuring regional steel prices while supporting iron ore prices. Additional price support may come from potential large-scale stimulus efforts by the Chinese government.

While Chinese steel consumption is down around -25% from its peak level, steel production remains elevated with steel exports the balancing factor, explains the broker.

Whether China adjusts steel production rates to match its lower consumption levels is still unclear to Citi.

The analysts remain bullish on iron ore pricing in the near-term, yet **medium-term headwinds are apparent, which should lower iron ore prices over time**.

Pricing challenges include potential China steel industry discipline, ongoing efforts by steel producers to reduce CO2 emissions, as well as increased iron ore supply of circa 200mpta in the next four years.

By way of background, the broker explains the big four iron ore miners --Rio Tinto ((RIO)), BHP Group ((BHP)), Vale and Fortescue ((FMG))-- account for exports to China of around 1bn tonnes per annum (tpa), or 65% of requirements, whereas China's domestic iron ore production runs at circa 1bntpa, but after adjustments for low quality is around 250mtpa of 62% Fe equivalent iron ore, according to the broker.

The analysts highlight iron ore generates around 60% earnings margins for the big four, with aggregate profitability nearly five times that of China's steel industry.

Reportedly, the Chinese government is targeting further steel industry consolidation, aiming for the top five steel companies to control 40% of China's steel market by next year (31% in 2023) with the top 10 accounting for 60%, up from 44% in 2023.

Consolidation will take time to take effect and reduce overcapacity/production, highlights Citi, while previously announced government stimulus won't impact on steel production until the second half of 2025.

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COMMODITIES

Unlocking Vault's Golden Potential

Analysts agree on a golden outlook for Vault Minerals with upside from organic growth initiatives and optimisation following the recent merger of Red5 and Silver Lake Resources.

-Analysts positive on post-merger prospects for gold producer Vault Minerals
-Upside from drilling programs at Sugar Zone and KOTH
-Excess cash provides growth and capital management options
-Vault is the favoured exposure within resource coverage at Moelis

By Mark Woodruff

Incorporating the chemical symbol for gold (Au), Vault evokes imagery of a secure and enduring store of value, which management deemed fitting when naming Vault Minerals ((VAU)) following the merger of Red5 and Silver Lake Resources on June 19.

Before the merger, all six covering brokers tracked by FNArena had Buy or equivalent ratings for Red5, and three out of four analysts rated Silver Lake as a Buy, leading to unanimous Buy ratings for Vault today.

While the pairing brought few operational synergies, Macquarie highlighted meaningful corporate advantages from combining Silver Lake's balance sheet firepower and strong cash generation with Red5's cornerstone King of the Hills (KOTH) operation.

Not only does KOTH have a material mine life, but also latent optimisation potential plus a powerful processing presence in the Leonora district of WA, explained the broker.

Management of the merged entity is composed of seasoned operators and dealmakers from Silver Lake, which had consistently exceeded production guidance for the Australian operations over the past nine years.

When initiating research on the new 400kozpa gold producer in mid-September, Jarden highlighted the company's "true" upper-third quartile costs (AISC).

This "true" designation reflects valuation multiples more robust than peers, noted the broker, owing to the mature asset base and minimal additional capex needed beyond periodic capitalised waste stripping.

In short, 15 years of group operating life provides a foundation to build and shape a production portfolio, according to Jarden.

The analysts see valuation support for Vault even without factoring in expected optimisation and organic growth initiatives, while maintaining a conservative outlook on the gold price.

Diversified gold exposure

In Western Australia, operations are at Leonora, Mount Monger (near Kalgoorlie) and the Deflector Gold-Copper mine in the southern Murchison region.

Leonora includes the King of the Hills gold mine featuring both open-pit and underground mining operations with a 4.7mtpa processing plant.

Overseas, the Sugar Zone Gold Project in Ontario, Canada is currently under care and maintenance to fully evaluate the asset and implement significant upgrades.

A new mine plan will be developed after an extensive drilling program to better understand the geological structure and locate high-grade gold deposits.

Jarden noted potential upside from the extensive drilling programs underway at both Sugar Zone and KOTH, as well as from optimisation work to deliver higher throughput and production at KOTH.

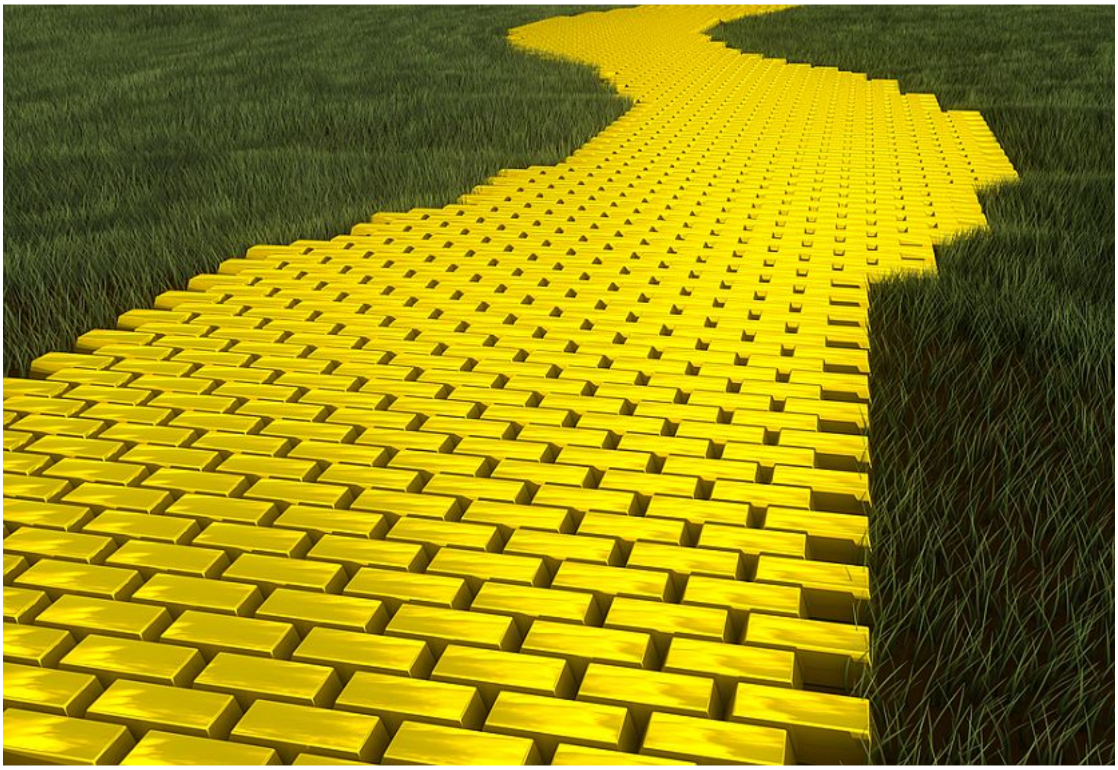
For the medium term, management's focus will be on identifying in-pit, extensional underground and near mine exploration opportunities to underwrite further expansion at KOTH.

Balance sheet strength

Forming one of the largest war chests among mid cap gold companies on the ASX, Vault's cash balance of over $500m, combined with the aforementioned low capex requirement and mature assets provide a point of differentiation, Jarden states.

It's felt management has the luxury to assess all applications of capital on their merit at different points in the commodity price cycle, unhindered by onerous debt covenants and servicing interest payments.

Indeed, implementation of an appropriate capital management framework would enhance the investment proposition further, in Jarden's view, though the earliest payment of any dividends may be delayed to the December half of FY27 for tax reasons.



September quarter

A "solid" September quarter operational report released to the ASX on October 28 revealed a pickup in planned exploration and resource extension drilling, and, on Jarden's assessment, demonstrated management's focus on setting up KOTH for the financial year.

Macquarie agreed FY25 is a 'set up year,' with stripping at KOTH and Mount Monger, which should see a doubling of free cash flow (FCF) into FY26.

For the quarter, a beat on production at Deflector, which experienced record quarterly mill throughput, was offset by lower volumes sold at KOTH and Mount Munger, explained Canaccord Genuity.

Overall production of 97.5koz missed the consensus estimate by -5%, sales were in line, while costs (AISC) were circa -4% lower-than-expected.

Production at Mount Monger and KOTH came in softer-than-forecast, partially offset by operations at Defector.

As strip ratios at these mines decline through the second half of FY25 and during FY26, Ord Minnett forecasts ore volumes and grades should commensurately improve.

Year-to-date production and sales represented 24% and 25%, respectively, of the FY25 sales guidance mid-point, which management retained at between 390-430koz.

Outlook

Petra Capital notes Vault is one of the few gold producers exceeding 400kozpa on the ASX and provides relative value when set against peer company metrics.

Moelis concurs, rating Vault as its best idea within ASX Resource sector coverage.

This broker recently suggested the announcement of FY25 guidance has cleared the air for the stock to trade upwards and close what looks like a significant value disparity.

For brokers covered daily in the FNArena database, Macquarie (Outperform) and Buy-rated Ord Minnett have targets of 50 cents and 53 cents, respectively, for Vault Minerals.

Outside of daily coverage, Canaccord Genuity, Petra Capital and Moelis all have Buy ratings, while Jarden's Overweight rating is one rung below Buy in the broker's ranking.

The average target of all six brokers is 50c, suggesting around 52% upside to the last traded share price at 33c.

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RUDI'S VIEWS

Rudi's View: Preparing For The Trump Years

In this week's Weekly Insights:

-Preparing For The Trump Years
-All-Weather Model Portfolio

By Rudi Filapek-Vandyck, Editor

Preparing For The Trump Years

Whether we love or loathe him, the return of Donald Trump to the White house on January 20th next year will mark one pivotal moment in modern day history, when existing trends and geopolitical currents shall be transformed into a new reality and future blue print.

As also indicated by management at Breville Group ((BRG)) last week, preparations have already started, even though uncertainty still rules about what exactly a second Trump term might look like. Won't be the first time a politician might find execution and delivery on outlandish promises made a lot trickier once in office.

As investors, we have witnessed a number of similar pivots throughout the two decades past, from China's emergence on the global stage, to the Global Financial Crisis in 2007/09 and the covid pandemic in early 2020. Each of these events changed the course of history and left an imprint on financial markets that still resonates today.

Consider the average price of crude oil throughout the 1990s had been no higher than US$15.67/bbl (WTI) while the average for gold bullion for that decade is only US$351/oz. I still remember representatives of BHP, Rio Tinto and Vale returning from annual negotiations with Chinese steel manufacturers, having agreed upon an iron ore contract price in the US$20s per tonne.

In the share market, there's a noticeable distinction between the outperformers pre-GFC and the momentum switch that has favoured a different type of businesses since. This has simultaneously led to different investment styles and strategies performing best.

Can Trump 2.0 turn into a similar event that profoundly changes the course of history beyond 2024?

The potential is most definitely there. If prior precedents have taught investors one key lesson, it is that being flexible and not resistant to change(s) might be two invaluable virtues required for outsized returns.

Trump's inauguration is still 70 days away and investors will be looking for signals from cabinet appointments and otherwise. Putting new policies in place still requires time, but maybe there is room for geopolitical shifts in the meantime?

The Enemy In Tehran

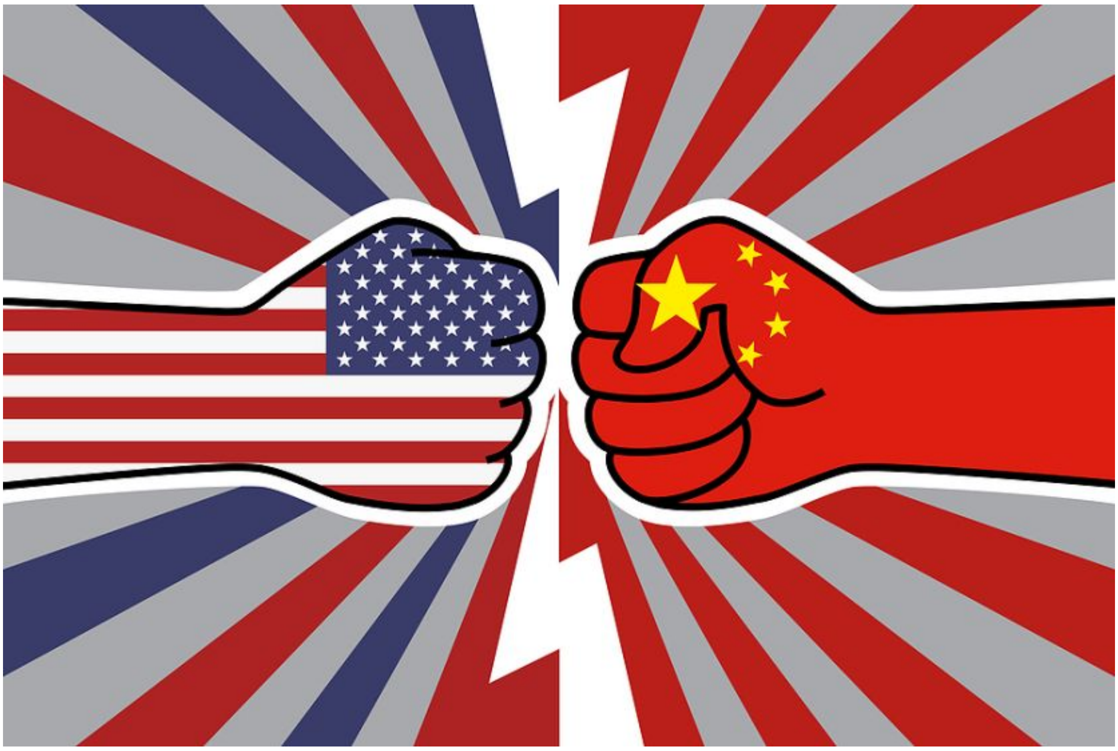
The world's attention is understandably focused on Russia and neighbour the Ukraine, but I wouldn't be surprised if we see much bigger development first through the mutual dislike between Trump and the political leaders of Iran.

The religious fundamentalists in Tehran reportedly tried to orchestrate an assassination attempt earlier this year, but the Trump administration has multiple motivations to isolate and quarantaine the Iranian leadership. Removing the country's oil exports from global markets is undoubtedly one way to alleviate over-supply pressures that will only intensify if the USA produces more itself, as is the stated intention.

Outgoing US president Joe Biden has been criticised for being too soft on Israel's retaliatory actions in Gaza and Lebanon, but how much of Biden's firm opposition against Israel attacking Iran's nuclear facilities still counts when a new president is about to take reign?

It's pure speculation at this stage, of course, but here's a window for Israel to hurt the enemy in Tehran in a profound manner when the president-elect can declare it happened on his predecessor's watch.

Don't sell your exposure to gold is an oft repeated mantra these past couple of days as higher bond yields have forced a retreat in bullion's price. A spike in hostilities between Israel and Iran is but one motivation to have exposure.



America First

A potentially much larger impact might stem from Trump's America First policy, which also includes import tariffs. Here the world's response will be as important as the initial protectionism. China is in the line of fire, of course, but Trump has repeatedly stated he wants tariffs on *all* imports.

Assuming Congress goes ahead with these plans, it's likely Europe, India and China will retaliate if and when targeted.

This is a Big Boys game. Smaller countries, of which Australia is one, do not have the same luxury to respond in a tit-for-tat manner. Smaller countries will simply have to suck it up.

Or they can lobby to be excluded, as Australia undoubtedly will try. Whoever is in power locally next year will draw optimism from the fact Australia was one of few countries exempted from steel import tariffs during Trump's first term.

More good news is while the USA remains an all-important military and political ally, Australia's exports into the USA only account for less than 4% of the country's total, and most of that is agricultural, like beef.

Equally important is most of Australia's successful growth stories have a significant presence in the USA, including James Hardie ((JHX)), Macquarie Group ((MQG)), Computershare ((CPU)), ResMed ((RMD)), and QBE Insurance ((QBE)). CSL ((CSL)) might be impacted from less demand for vaccines and a hard border with Mexico, as happened in the past.

China's Response

Import tariffs are unlikely to become an important feature for Australia, but the indirect impact through slower growth in China and the rest of Asia, if not the world ex-USA, could be all-important. The most plausible offset here is much more aggressive stimulus from China.

Once again, the Chinese government's fiscal announcement on Friday proved a disappointment for commodity traders and investors in the sector as measures to date remain underwhelming. While the Chinese government continues to placate markets with promises that more shall be done, it's fairly obvious no Big Bazooka measures will be announced before more certainty arises about what exactly the new administration in the US is planning to do.

Investors in the sector might have to be patient for longer, but common sense suggests two things will happen when the US slaps import tariffs on Chinese imports:

1. Beijing will retaliate
2. Beijing will make sure its domestics economy will not slump into a black hole and will stimulate accordingly

US Growth & Inflation

At face value, an America First policy, also including less regulatory oversight and lower taxes, should be an added positive for corporate profits and US share prices. I wrote 'added positive' as it is not as if the current administration is passing on an economy in deep distress.

The broadly feared economic recession has been avoided, the labour market looks strong and healthy, inflation will soon start with a '1' and the Federal Reserve is lowering the cash rate, and will continue to do so into next year. All three major indices just set a fresh all-time record high.

It doesn't happen often for an incumbent government to be rejected as strongly as happened to the Democrats in this election when the economy is relatively healthy, but the answer may well reside with the surge in inflation immediately after the covid-lockdowns, as many American households never stopped feeling the pain.

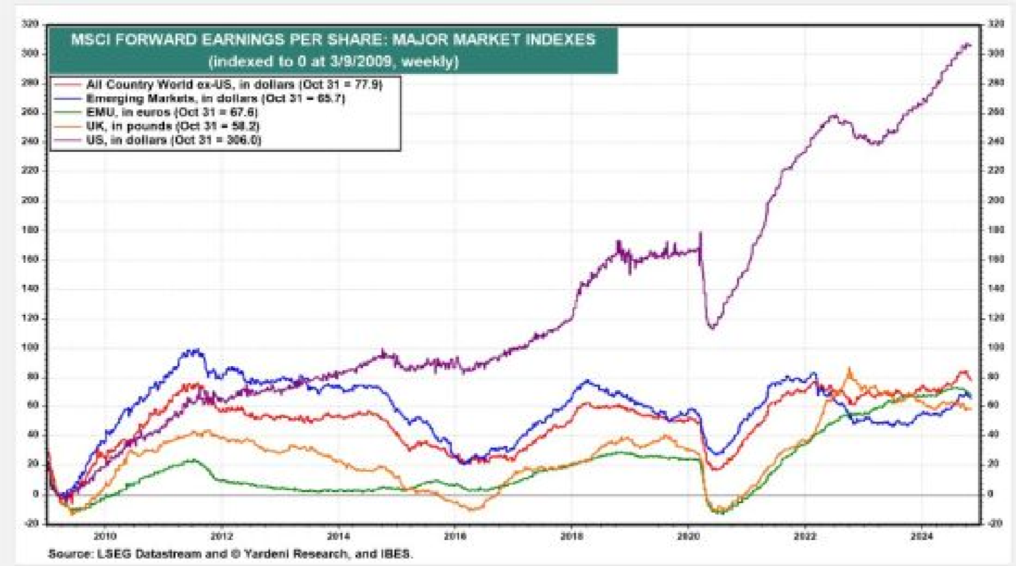
The words from 1980s president Ronald Reagan come to mind: *"Inflation is as violent as a mugger, as frightening as an armed robber and as deadly as a hit man"*.

The Albanese government in Australia has received a lot of criticism for its support programs during the high inflation years (still ongoing) but it will be hoping it won't receive the same punishment in next year's election in exchange for it. No doubt, inflation will feature on the electorate's mind, just like it haunts every other government around the world.

Trump's election victory has injected that extra confidence the market needed to jump on board this year's share market laggards, as also proven through a strong rally in the Russell2000 index. Smaller companies benefit more from an inward-looking US economy, as well as from the promised tax cuts.

For the rest of the world, the story looks a lot less straightforward. As shown in the graphic below, US corporates have excelled over the decade past in achieving much more aggressive growth for shareholders than their peers elsewhere around the globe.

This is yet again illustrated by the observation the average EPS growth forecast in Australia for the year ahead is currently less than 1% following two years of negative growth numbers for the ASX200.



A stronger US dollar and higher bond yields generally can potentially limit what central banks outside the US can do, including in Australia and throughout Asia, and this won't be stimulatory at all for domestic corporate profits.

We don't need **FNArena's Corporate Monitor** to tell us the situation on the ground across the country is far from rosy: https://fnarena.com/index.php/reporting_season/

More corporate market updates are disappointing and analysts continue to lower expectations for the year ahead.

As also shown through the banks' share prices this year, lack of earnings growth is not necessarily an impediment to further share price gains, but how much of the trends in the US can continue to be repeated in Australia when there's also a persisting widening gap in earnings growth?

One trend that is not ready yet to disappear relates to Gen.Ai and the significant investments committed to by Big Tech. The quarterly results season in the US has provided plenty of supportive insights and updates. This is also why share prices in the likes of Goodman Group ((GMG)) and NextDC ((NXT)) are dominated by day-to-day volatility rather than by genuine 'weakness'.

The Q3 results season has left market observers with a sense of slight disappointment nevertheless and this opens up a push-and-pull contest between Trump 2.0 enthusiasm and already elevated valuations.

Is this year's Santa Rally by definition set in stone?

Good to keep in mind also, Congress and the new administration do not by default have *carte blanche* when it comes to policies next year and thereafter. A stronger USD can eventually become a problem as the top end of the market operates across the globe and additional, wider government deficits can lead to (much) higher bond yields.

Introducing import tariffs is also likely to reinvigorate inflation, as will a tight labour market if many thousands of illegal immigrants will effectively be deported with lower immigration numbers on top.

Most economists believe anything Congress and the new adnministration put in place in 2025 is most likely to impact from 2026 onwards. Hence why Oxford Economics is projecting two years of higher GDP growth in 2026 and 2027, followed by a sharply different picture as the negatives from tariffs and other policies start showing up.

Strategy: Three Phases

In terms of specific investment strategies, **Hassan Tevfik, senior analyst at MST Marquee** has identified three separate phases for the coming four years:

Phase 1 = relief

Phase 2 = nationalism

Phase 3 = stimulus

In Phase 1 we should see high beta stocks, cyclicals and small caps rally as investors are relieved the US election has generated a clear winner and there now is a visible path forward. Tevfik suggests this relief rally can potentially last until inauguration in January.

Destined for underperformance, he believes, are bonds, gold, large caps and defensives and bond proxies (infrastructure and REITs).

In Phase 2 we should see policy implementation that does not require Congress, which can include tariffs and immigration restrictions. A tightening labour market can impact on industries that are reliant on migrant employees, such as construction, agriculture, leisure and hospitality.

If inflation rises, this might impact on the Fed's intention to lower the cash rate. Tevfik suggests inflation will start to pick up after six months. His advice is investors should avoid stocks sensitive to higher bond yields during this phase, such as James Hardie, while businesses like Ansell ((ANN)) and WiseTech Global ((WTC)) can be hit through trade tensions with China.

Businesses that potentially stand to benefit from US import tariffs are the insurers and insurance brokers, as well as BlueScope Steel ((BSL)), among others. Steadfast Group ((SDF)) is planning to increase its footprint in the USA.

Phase 3 should see GDP growth accelerating, possibly starting from late 2025 onwards, which should benefit your typical 'Value' segment and cyclicals in equities, but also CSL, ResMed, Fisher & Paykel Healthcare ((FPH)) and Cochlear ((COH)), suggests Tevfik, together with companies including Amcor ((AMC)), Ansell, Brambles ((BXB)) and Worley ((WOR)).

During this phase, your typical defensives and growth stocks might not be among beneficiaries.

As stated, dynamics and momentum for US equities might not by default translate uninterrupted into the local share market with differences in domestic dynamics and earnings growth possibly creating a difference.

All-Weather Model Portfolio

Contrary to last week's update, the **FNArena-Vested Equities All-Weather Model Portfolio** did not underperform the broader market in October.

Total return of -0.81% was better than the ASX200's retreat of -1.30% for the month.

Equally important: we are not much focused on such short-term outcomes, if at all. Over the past six months (up until October 31) the Portfolio has added 12.75% and that percentage rises to 33.13% over the year past.

Performance numbers are better than the market's average over three and five years too.

Those are the numbers we focus on. All numbers quoted are pre fees, which are among the lowest in the market.

Period Ending 31/10/2024

Name	Code	Type	1 mth	3 mths	6 mths	1 year	3 years
All Weather Portfolio	M00701	Capital	-0.81%	2.02%	11.68%	31.03%	8.96%
All Weather Portfolio	M00701	Income	0.00%	0.73%	1.07%	2.10%	1.81%
All Weather Portfolio	M00701	TR	-0.81%	2.75%	12.75%	33.13%	10.78%

FY24 review for the All-Weather Model Portfolio:
https://fnarena.com/index.php/download-article/?n=DE2A4552-E2C7-4DC7-0A896CE5CF68ACD8

Prior years:

FY23: https://fnarena.com/index.php/download-article/?n=DFC11150-CB36-C777-1AA3EDA640E2F5BF

FY22: https://fnarena.com/index.php/download-article/?n=DFE7241B-9CD8-61F1-1602C581A8E539C4

FY21: https://fnarena.com/index.php/download-article/?n=DFF82691-E53E-3CF5-17A2337D72CDB54F

Video: Why FNArena & All-Weather Stocks

I've used my participation to the InvestmentMarkets' conference in July to explain how/why FNArena started & what investors get out of it, including research in All-Weathers and Gen.Ai

The video: https://bit.ly/3A1pLuz

Model Portfolios, Best Buys & Conviction Calls

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

FNArena Subscription

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

(This story was written on Monday, 11th November, 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).

RUDI'S VIEWS

Rudi's View: A Rally With No Earnings Support

By Rudi Filapek-Vandyck, Editor

Global equities have been climbing the wall of worry for ten long months in 2024 with elevated valuation multiples in particular triggering calls for an imminent correction, if not the inevitable bursting of the so-called 'everything bubble'.

Instead, all-time records have been broken and bettered, again and yet again. The S&P500 index in the US has set a new record 51 times so far this year, turning 2024 into the best year for US equities since 1997 (so far), generating the 12th best return since 1928 (first ten months).

The latest leg upwards upon confirmation of a decisive outcome in the US election has pushed equity valuations to the next level, as valuation measurements already looked quite stretched when it started. Consider, for example, the yield on US ten year bonds is now higher than the average dividend yield for US equities... for the first time in 22 years.

That tipping point was reached this month as the yield for US shares sank to a ten-year low. The Equity Risk Premium, which pits equities against bond yields, has now fully vanished, leading some commentators to highlight investors are now paying up to take on (equity) risk instead of getting paid for it.

The sentiment was reflected in this month's **Global Investment Manager's Index from S&P Global Market Intelligence** which showed risk appetite at its highest level since April 2021, led by North American investors, as "the mood sours toward defensives".

Digging into the finer details, it turns out, with the sole exception of April 2021, risk appetite has never been as high as this month in the four-year history of this survey.

Offsetting general unease with where markets are in November, valuation-wise, is the observation that whenever equity indices are up by 20% or more by this time in the calendar year, there are usually still more gains to be had into year-end. It appears the opposite holds true as well in case equities are by now down in excess of -20%.

Added observation: back in 2021 the added gain was 1.37% only, while in 2019 the US market advanced another 4.45%.

Experience tells us the local market does not by default match the US markets, but whatever happens over there remains all-important for what happens on the ASX.

One of the other observations that is receiving quite a lot of attention recently is the wide gap in valuation between US equities and the rest of the world.

The following observation is from a **Morgan Stanley** report:

"The equity rally this calendar year has been one of the more unusual we have seen. What started in January as a fast embrace of aggressive market pricing of monetary easing (the RBA at one point was priced for three cuts this year) and high hopes for cyclical recovery in earnings trends has devolved into a rather precipitous fall in market earnings, whilst the price paid for them has continued to expand.

"Forward earnings down 2.7% vs multiple up 1.7 P/E pts is the CYTD flyer catchy but kind of uncomfortable particularly when compared to the US where multiple expansion has at least been accompanied by +15% growth in FY25e earnings.

"The rally has taken the market to now be ~2% above our 8,100 price target but to be clear the earnings we assumed that would get us to these levels are some 13% above current expectations and FY25e EPSg for the market now sits close to zero.

"Should this be cause for concern?

"The short answer is yes, as with valuations where they are there is little buffer to absorb endogenous disappointment or any exogenous shock. Indeed, for meaningful upside from here, earnings trends need to start to improve."

****

Trump's surprisingly strong election win has had a profound early impact on financial markets and not in a positive manner only, as clearly shown on price charts for copper, aluminium and crude oil futures.

Given the man's rally cry of "I love tariffs", financial markets are obviously expecting a head-on collison with China once the new administration settles into the White House.

Other pre-conditioned expectations are greater government budget deficits, higher economic growth, higher corporate profits and higher inflation. The debates about all these forecasts have already started, and we will have to find out over the coming year or so whether those are truly the main characteristics for Trump's second term.

More government borrowing and a renewed pick-up in inflation have already pushed US Treasury yields higher, which is also one reason as to why the rally in equities, certainly in Australia, hasn't stretched much further. The other factor might be that valuations are looking stretched on known knowns.

One of the set-backs from the rise in global bond yields is a notable retreat in the price of gold bullion. I cannot stop pointing out the irony from the prospect for higher inflation pushing up bond yields and thus pushing back gold, supposedly a protector against price erosion through inflation.

Here one other key factor is also market positioning as many would have added some gold exposure ahead of the US election, as a hedge against potential mayhem and shenanigans that might have happened if Trump had not decisively won the contest.

As is often the case, the trading community is screaming blood and murder about the price of bullion descending from US$2800/oz to below US$2600/oz in such a short time span. Admittedly, it does look rather spooky, until one realises the decline to date is still less than -8%.

That's the equivalent of a small cap company updating the market it hasn't quite achieved its revenue or margin target throughout the past three months, easily!

Commodity strategists at ANZ Bank have been quick in responding accordingly, stating this is not a time for investors to abandon the precious metal; *"We believe that increasing macroeconomic and geopolitical uncertainties under Trump's presidency will favour investment in gold."*

The team at ANZ Bank has been negatively surprised by the magnitude of the price pull back to date, but also believes price weakness will prove short-lived. ANZ Bank's motivation: *"Trump's plans to continue tax cuts beyond 2025 and to increase spending will likely deteriorate the US fiscal situation, and this could pave the way for macroeconomic policy adjustments that would support gold."*

ANZ Bank has a price target of US$2900/oz sometime in 2025.

Part of the philosophy behind the **All-Weather Model Portfolio** is that some exposure to gold is simply part of the standard asset mix. The Portfolio also prefers exposure to gold rather than to gold miners through the share market, as the latter adds company-specific risks that are preferably avoided.

<u>Trump 2.0: More Uncertainty vs US Resilience</u>

Recent update by **Oxford Economics**:

"Global growth is highly likely to hold steady next year, but beneath the surface the new US administration

and China's struggles are set to usher in a new, more mercantilist era for the global economy. Trade disruption, volatility in prices, and a new policy mix will determine the winners and losers in 2025.

"US exceptionalism will come at a cost for the rest of the world. The US is set to outperform consensus expectations and its advanced economy peers. But the gains from strong US demand in 2025 will be tempered by the increasingly obvious costs of trade disruption, tighter financial conditions, and heightened geopolitical risk.

"Increasingly this will prompt non-US firms to take a more cautious stance towards investment and hiring plans, undermining the growth recovery in other advanced economies.

"Higher and more volatile prices will be the norm as globalisation comes to a halt. Exchange rates, energy prices, import prices, and financing costs are all likely to fluctuate next year as the new US administration's agenda becomes clear.

"The immediate impact on consumer prices will be small, but will build over time. We retain our view that consumer price inflation will be higher and more volatile than in the 2010s, even if underlying inflation is likely to be well behaved in 2025. Central banks will cut cautiously.

"A new and uncertain policy mix as fiscal and trade policy not monetary take centre stage. Although monetary policy is often the focus of market attention, over the past year or two it has been fiscal policy that has been the major driver of growth surprises. We expect that to continue. Policy rate cuts won't provide much of a boost to growth next year.

"Instead, the US administration's fiscal and trade policies and the reaction they elicit from China and the EU are likely to drive diverging sectoral fortunes and uncertainty around our baseline."

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Part One of Weekly Insights this week: https://fnarena.com/index.php/2024/11/13/rudis-view-preparing-for-the-trump-years/

Best Buys & Conviction Calls

Ord Minnett's list of **Conviction Calls** no longer includes Pinnacle Investment Management ((PNI)) while GQG Partners has been added. The list previously included Red 5 and now includes the gold producer's merger entity, Vault Minerals.

-Alliance Aviation Services ((AQZ))
-ARB Corp ((ARB))
-Cosol ((COS))
-EQT Holdings ((EQT))
-Electro Optic Systems Holdings ((EOS))
-GQG Partners ((GQG))
-Lindsay Australia ((LAU))
-Qoria ((QOR))
-Regis Healthcare ((REG))
-SiteMinder ((SDR))
-SRG Global ((SRG))
-Stanmore Resources ((SMR))
-Vault Minerals ((VAU))
-Waypoint REIT ((WPR))

****

Jarden's recent update on smaller cap ASX-listed companies ("emerging companies") has led to the release of **20 Best Ideas**, lined up in order of anticipated total return (potential):

-IPH Ltd ((IPH))
-Temple & Webster ((TPW))
-Universal Store Holdings ((UNI))
-Nick Scali ((NCK))
-SiteMinder ((SDR))
-EVT Ltd ((EVT))

-AUB Group ((AUB))

The above are all picked by the broker's Emerging Companies research team. The following stock picks have been selected by respective sector analysts:

-Inghams Group ((ING))
-Monadelphous ((MND))
-Champion Iron ((CIA))
-Domain Holdings Australia ((DHG))
-Genesis Energy ((GNE))

And then there's another list of stocks that have equally been selected with High Conviction:

-Pointsbet Holdings ((PBH))
-Telix Pharmaceuticals ((TLX))
-Integral Diagnostics ((IDX))
-National Storage ((NSR))
-Ingenia Communities Group ((INA))
-Karoon Gas ((KAR))
-Pepper Money ((PPM))
-Michael Hill International ((MHJ))

****

Wilsons' Australian Equity Focus Portfolio:

-CAR Group ((CAR))
-Aristocrat Leisure ((ALL))
-WEB Travel Group ((WEB))
-Lottery Corp ((TLC))
-Collins Foods ((CKF))
-Breville Group ((BRG))
-Santos ((STO))
-ANZ Bank ((ANZ))
-National Australia Bank ((NAB))
-Macquarie Group ((MQG))
-Westpac Bank ((WBC))
-Hub24 ((HUB))
-Steadfast Group ((SDF))
-CSL ((CSL))
-ResMed ((RMD))
-Telix Pharmaceuticals ((TLX))
-Worley ((WOR))
-Xero ((XRO))
-TechnologyOne ((TNE))
-BHP Group ((BHP))
-James Hardie ((JHX))
-Evolution Mining ((EVN))
-South32 ((S32))
-Metals Acquisition ((MAC))
-Sandfire Resources ((SFR))
-HealthCo Healthcare & Wellness REIT ((HCW))
-Goodman Group ((GMG))
-WiseTech Global ((WTC))

****

Stock pickers at **Crestone** have released their **Best Sector Ideas**; an attempt to identify the best in breed business models for major industry group sectors for long-term oriented investors. Anticipated performance over the next three years is part of the key considerations.

The selection consists of 17 companies:

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

Crestone's selection of **sustainable dividend growers** consists of 22 names. Historically, the stockpickers remind investors, companies that grw dividends consistently can offer superior long-term performance for those who own them.

-Amcor ((AMC))
-Ampol ((ALD))
-APA Group ((APA))
-Atlas Arteria ((ALX))
-Beach Energy ((BPT))
-BHP Group ((BHP))
-Car Group ((CAR))
-Coles Group ((COL))
-Dalrymple Bay Infrastructure ((DBI))
-Iress Ltd ((IRE))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Mirvac Group ((MGR))
-Pro Medicus ((PME))
-QBE Insurance ((QBE))
-RAM Essential Services ((REP))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Tabcorp Holdings ((TAH))
-Telstra ((TLS))
-Westpac Banking ((WBC))

****

Ord Minnett's most preferred choices on the ASX:

-AGL Energy ((AGL))
-Alliance Aviation ((AQZ))
-ARB Corp ((ARB))
-Brambles ((BXB))
-CSL ((CSL))
-EQT Holdings ((EQT))
-Insurance Australia Group ((IAG))
-Judo Capital ((JDO))
-James Hardie ((JHX))
-Medibank Private ((MPL))
-Newmont Corp ((NEM))
-nib Holdings ((NHF))
-Pinnacle Investment Management ((PNI))

-Qantas Airways ((QAN))
-Regis Healthcare ((REG))
-Rio Tinto ((RIO))
-ResMed ((RMD))
-SRG Global ((SRG))
-Santos ((STO))
-Strike Energy ((STX))
-Telstra ((TLS))
-Vault Minerals ((VAU))
-Vicinity Centres ((VCX))
-Westpac Bank ((WBC))
-Waypoint REIT ((WPR))
-Xero ((XRO))

****

Wilsons Highest Conviction investment ideas:

-Santos ((STO))
-Car Group ((CAR))
-James Hardie
-Hub24 ((HUB))
-Aristocrat Leisure ((ALL))

Among Research Ideas, the following six names are seen as **Long Term Growth ideas**:

-Flight Centre ((FLT))
-Ridley Corp ((RIC))
-Universal Stores ((UNI))
-ARB Corp ((ARB))
-Neuren Pharmaceuticals ((NEU))
-Siteminder ((SDR))

For those with a more speculative mindset, Wilsons puts forward PYC Therapeutics ((PYC)). In the Resources sector, the choice is Beach Energy ((BPT)).

****

Goldman Sachs's APAC Conviction List includes Life360 ((360)) and Xero ((XRO)).

****

The full list of **UBS's** <u>Most Preferred Best Stock Ideas:</u>

<u>In Resources:</u>

-BlueScope Steel ((BSL))
-Newmont Corp ((NEM))
-Orica ((ORI))
-Origin Energy ((ORG))
-Rio Tinto ((RIO))
-Santos ((STO))

<u>In Financials:</u>

-AUB Group ((AUB))
-Dexus ((DXS))
-Medibank Private ((MPL))
-QBE Insurance ((QBE))
-Suncorp Group ((SUN))

<u>Industrials:</u>

-Brambles ((BXB))

-Car Group ((CAR))
-Coles Group ((COL))
-NextDC ((NXT))
-REA Group ((REA))
-Telstra ((TLS))
-Telix Pharmaceuticals ((TLX))
-Treasury Wine Estates ((TWE))
-Worley ((WOR))
-Xero ((XRO))

The list of **Least Preferred exposures**:

-APA Group ((APA))
-Aurizon Holdings ((AZJ))
-ASX ((ASX))
-Bank of Queensland ((BOQ))
-CommBank ((CBA))
-Cochlear ((COH))
-Domain Holdings Australia ((DHG))
-JB Hi-Fi ((JBH))
-Reece ((REH))
-Scentre Group ((SCG))

****

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

-AGL Energy ((AGL))
-GPT Group ((GPT))
-James Hardie ((JHX))
-Santos ((STO))
-WiseTech Global ((WTC))

Plus:

-Aristocrat Leisure ((ALL))
-Car Group ((CAR))
-Macquarie Group ((MQG))
-Paladin Energy ((PDN))
-Suncorp Group ((SUN))

****

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

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

-Macquarie Group ((MQG))

-Suncorp Group ((SUN))

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

-Aristocrat Leisure ((ALL))
-CAR Group ((CAR))
-Domino's Pizza ((DMP))
-The Lottery Corp ((TLC))
-Wesfarmers ((WES))

-WiseTech Global ((WTC))

-James Hardie ((JHX))

-Orica ((ORI))

-Coles Group ((COL))

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

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

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

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

****

Crestone's selected list of **Best Ideas in Australia**:

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

****

Stockbroker **Morgans'** list of **Best Ideas**:

-Acrow ((ACF))
-ALS Ltd ((ALQ))
-Amotiv ((AOV))
-Beacon Lighting ((BLX))
-BHP Group ((BHP))
-Camplify Holdings ((CHL))
-Cedar Woods Properties ((CWP))
-ClearView Wealth ((CVW))
-CSL ((CSL))
-Dalrymple Bay Infrastructure ((DBI))
-Dexus Industria REIT ((DXI))
-Elders ((ELD))
-Flight Centre Travel ((FLT))
-GQG Partners ((GQG))
-HomeCo Daily Needs REIT ((HDN))

-Karoon Energy ((KAR))
-MA Financial ((MAF))
-Maas Group ((MGH))
-Mach7 Technologies ((M7T))
-NextDC ((NXT))
-PolyNovo ((PNV))
-QBE Insurance ((QBE))
-Qualitas ((QAL))
-Reliance Worldwide ((RWC))
-ResMed ((RMD))
-Rio Tinto ((RIO))
-South32 ((S32))
-Superloop ((SLC))
-The Lottery Corp ((TLC))
-Treasury Wine Estates ((TWE))
-Universal Store Holdings ((UNI))
-WH Soul Pattinson ((SOL))
-Woodside Energe ((WDS))

****

Macquarie Wealth's recommended **Growth Portfolio**:

-Goodman Group ((GMG))
-Seek ((SEK))
-Aristocrat leisure ((ALL))
-Northern Star ((NST))
-CSL ((CSL))
-Computershare ((CPU))
-NextDC ((NXT))
-Flight Centre ((FLT))
-Mineral Resources ((MIN))
-Cleanaway Waste Management ((CWY))
-Steadfast Group ((SDF))
-James Hardie ((JHX))
-ResMed ((RMD))
-Pexa Group ((PXA))
-Treasury Wine Estates ((TWE))
-Viva Energy ((VEA))
-Xero ((XRO))

Macquarie Wealth's recommended **Income Portfolio:**

-Suncorp Group ((SUN))
-Telstra ((TLS))
-National Australia Bank ((NAB))
-Westpac Bank ((WBC))
-ANZ Bank ((ANZ))
-BHP Group ((BHP))
-CommBank ((CBA))
-Premier Investments ((PMV))
-Coles Group ((COL))
-Viva Energy ((VEA))
-Atlas Arteria ((ALX))
-Aurizon Holdings ((AZJ))
-APA Group ((APA))
-GPT Group ((GPT))
-Deterra Royalties ((DRR))
-Metcash ((MTS))
-Amotiv ((AOV))
-Charter Hall Retail REIT ((CQR))
-Amcor ((AMC))

****

In December, **Shaw and Partners** released its **10 Best Ideas** to benefit from the anticipated small caps' revival in 2024:

-AIC Mines ((A1M))
-Austin Engineering ((ANG))
-FireFly Metals ((FFM)), previously AuTeco (AUT)
-Chrysos ((C79))
-Gentrack Group ((GTK))
-Metro Mining ((MMI))
-MMA Offshore ((MRM))
-Peninsula Energy ((PEN))
-ReadyTech Holdings ((RDY))
-Silex Energy ((SLX))

****

Macquarie's ASX Quality Compounders:

The highest quality compounders' as identified by Macquarie quant research inside the ASX300:

-James Hardie ((JHX))
-Cochlear ((COH))
-REA Group ((REA))
-TechnologyOne ((TNE))
-ResMed ((RMD))
-Data#3 ((DTL))
-Pro Medicus ((PME))
-Jumbo Interactive ((JIN))
-PWR Holdings ((PWH))
-Netwealth Group ((NWL))
-Aristocrat Leisure ((ALL))
-Spark New Zealand ((SPK))
-Codan ((CDA))
-Clinuvel Pharmacauticals ((CUV))
-Redox ((RDX))

Given Macquarie's research strong leaning on the past five years, with high barriers to match, the following 11 companies fell just outside the above list:

-Fisher & Paykel Healthcare ((FPH))
-Medibank Private ((MPL))
-Coles Group ((COL))
-The Lottery Corp ((TLC))
-Lovisa Holdings ((LOV))
-CSL ((CSL))
-IDP Education ((IEL))
-Pinnacle Investment Management ((PNI))
-ARB Corp ((ARB))
-Breville Group ((BRG))
-Johns Lyng ((JLG))

****

Key Stock Picks for the year-ahead nominated by analysts at **Bell Potter**:

-Among listed investment companies (LICs); Australian Foundation Investment Company ((AFI)), Metrics Master Income Trust ((MXT)), and MFF Capital Investments ((MFF))

-Agriculture & fast moving consumer goods; Bega Cheese ((BGA)), Rural Funds Group ((RFF)), and Elders ((ELD))

-Technology; TechnologyOne ((TNE)), Gentrack ((GTK)), and REA Group ((REA))

-Diversified Financials; Perpetual ((PPT)), Regal Partners ((RPL)), and McMillan Shakespeare ((MMS))

-Real Estate; Dexus Convenience Retail REIT ((DXS)), HealthCo Healthcare & Wellness REIT ((HCW)), and GDI Property Group ((GDI))

-Retailers; Premier Investments ((PMV)), Universal Store Holdings ((UNI)), and Propel Funeral Partners ((PFP))

-Aerospace & Defence; Electro Optic Systems ((EOS)) and Austal ((ASB))

-Industrials; Brickworks ((BKW)), IPD Group ((IPG)), and Cleanaway Waste Management ((CWY))

-Healthcare; Telix Pharmaceuticals ((TLX)), Cyclopharm ((CYC)), Aroa Bioscience ((ARX)), MedAdvisor ((MDR)), and Neuren Pharmaceuticals ((NEU))

-Gold sector; Capricorn Metals ((CMM)) and Santana Minerals ((SMI))

-Base metals; Aeris Resources ((AIS)), Nickel Industries ((NIC)), and Mineral Resources ((MIN))

-Strategic Minerals; Alpha HPA ((A4N)), IperionX ((IPX)), and Liontown Resources ((LTR))

-Energy sector; Boss Energy ((BOE)) and Paladin Energy ((PDN))

-Mining services; Seven Group Holdings ((SVW)), Mader Group ((MAD)), and SRG Global ((SRG))

****

Morningstar's selection of **Best Buys** on the ASX:

-IGO Ltd ((IGO))
-TPG Telecom ((TPG))
-Domino's Pizza ((DMP))
-Bapcor ((BAP))
-Endeavour Group ((EDV))
-Santos ((STO))
-ASX Ltd ((ASX))
-Aurizon Holdings ((AZJ))
-Brambles ((BXB))
-Dexus ((DXS))
-SiteMinder ((SDR))
-APA Group ((APA))
-Fineos Corp ((FCL))
-ResMed ((RMD))

****
Ord Minnett's research analyst Athena Kospetas has communicated the following Key Preferred Ideas per sector:

Financials
-Westpac ((WBC))
-Judo Bank ((JDO))
-Insurance Australia Group ((IAG))
-Medibank Private ((MPL))
-nib Holdings ((NHF))
-Pinnacle Investment Management ((PNI))
-EQT Trustees ((EQT))

Resources
-Rio Tinto ((RIO))
-Newmont Corp ((NEM))
-Red 5 ((RED))

Energy & Utilities
-Santos ((STO))
-Strike Energy ((STX))
-AGL Energy ((AGL))

Healthcare
-ResMed ((RMD))
-CSL ((CSL))
-Regis Healthcare ((REH))

Consumer stocks
-Qantas Airways ((QAN))
-ARB Corp ((ARB))

Communication Services & Technology
-Xero ((XRO))
-Seek ((SEK))
-Telstra ((TLS))

Industrials
-James Hardie ((JHX))
-Brambles ((BXB))
-Alliance Aviation ((AQZ))
-SRG Global ((SRG))
-Qube Holdings ((QUB))

Real Estate
-Vicinity Centres ((VCX))
-Waypoint REIT ((WPR))

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Barrenjoey's Top Picks:

-Insurance Australia Group ((IAG)) among financials, as well as GQG partners ((GQG)) and Westpac ((WBC))
-Xero ((XRO)), Pexa Group ((PXA)) and Dicker Data ((DDR)) in the technology sector
-Vicinity Centres ((VCX)) and Abacus Storage King ((ASK)) among REITs
-South32 ((S32)), Lynas Rare Earths ((LYC)) and Perseus Mining ((PRU)) among miners and Strike Energy ((STX)) in the oil&gas sector
-ResMed ((RMD))
-Metcash ((MTS))
-Aristocrat Leisure
-Reliance Worldwide ((RWC))
-Brambles ((BXB))
-Seven Group ((SVW))

My research and All-Weather stock selections are 24/7 available for paying subscribers:
https://fnarena.com/index.php/analysis-data/all-weather-stocks/

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

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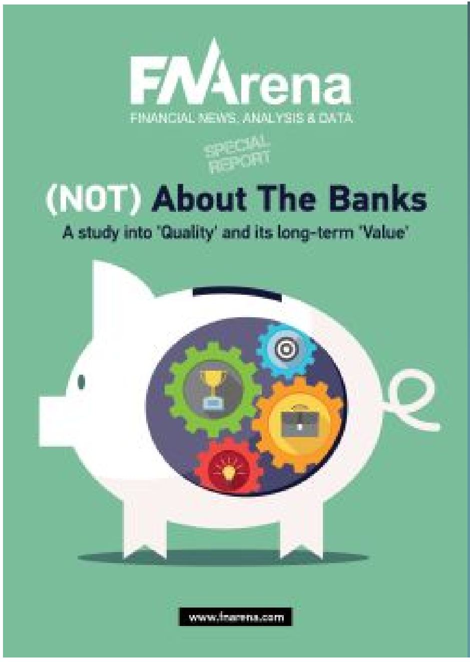

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SMALL CAPS

Infomedia Confident Turnaround Is Happening

The loss of a major customer, technology delays and macro and forex headwinds have led Infomedia to downgrade guidance, but does this ruin the turnaround story?

-Infomedia has downgraded FY25 guidance
-Loss of major SimplePart contract
-Dealer management system rollout delays, forex and macro headwinds
-Analysts for the most part remain confident

By Greg Peel

Infomedia ((IFM)) is a technology company developing and supplying electronic parts catalogues, service quoting software, and e-commerce solutions for the automotive industry worldwide.

The company has a long history of profitability from its core businesses and has delivered moderate growth, noted Moelis when initiating coverage of the stock a week ago.

Heightened auto market competition (driven by new brands, particularly from China) and a growing fleet of "connected vehicles" should be growth opportunities for Infomedia. Unification of databases and integration of systems will unlock the strategic value of its portfolio, allowing innovation of new products and services.

Infomedia has a strong incumbency supplying electronic parts catalogues (Microcat) and service workflow software (Superservice) globally, noted Moelis. It has long established and broad relationships with car manufacturers (OEMs) and dealerships which earn recurring revenues. From this base, the company is launching into new business opportunities in data analytics and insights (Infodrive) and e-commerce (SimplePart).

Moelis initiated coverage with a Buy rating and $1.88 price target.

Beware the Churn

Infomedia's share price recently peaked over $1.80 in late August post the company's FY24 result. Five years earlier, the stock was trading over $2.00. Analysts agreed, in responding to the FY24 result and FY25 guidance, Infomedia's turnaround story was on track.

Management did nevertheless warn at the FY24 result release it was at risk of losing a major contract for its SimplePart business, but did not include a loss in its FY25 guidance.

This week Infomedia announced it had lost the contract, affecting a -$4m cut in annual recurring revenue (ARR). SimplePart generated $19m in revenue in FY24. Management also revealed the rollout of the integration of the company's dealer management system (DMS) has been delayed due to a cybersecurity incident that prompted Infomedia's partner to embark on a technology upgrade. This effectively pushes out ARR growth as the delay impacts Infomedia's ability to roll out products to dealerships which use that particular DMS, RBC Capital notes.

And management flagged headwinds from foreign exchange and macroeconomic risk.

As a result, FY25 revenue guidance has been downgraded to $142-149m from $144-154m provided in August.

The -$5m reduction of the upper end of the guidance range ($149m from $154m) indicated "fresh news" for Moelis; the company faces a weaker revenue environment than previously guided. Management commentary highlighted "*changing macro-economic conditions have contributed to a more conservative view around the ability to mitigate the impact of a customer churn event*".

Moelis estimates the outlook for Infodrive accounts for this more conservative guidance, while Infomedia's parts and service subscription revenues are less sensitive to macro-economic conditions.

Still on Track?

The FY25 guidance cut is unfortunate, suggests Shaw and Partners, but not thesis-changing. FY25 revenue is still expected to grow 1-6% year on year despite macro headwinds, the loss of the SimplePart customer, DMS integration delays and forex headwinds. Ex of the irregular customer churn event, Shaw forecasts underlying ARR growth of 8% in FY25, which is only marginally lower than FY24 and FY23 (9%). Infomedia's cash margins are expected to remain flat on FY24 (23.4%), which is up materially from the 20% delivered in FY22.

While the FY25 guidance cut is unfortunate, Shaw still believes that the turnaround remains on track and that Infomedia's key metrics are heading in the right direction.

Management reiterated the margin commentary provided at the FY24 results, Moelis notes, stating "*The Company expects margins to be stable as it invests in its Strengthen Phase*". The company typically refers to margins as Annual Recurring Costs versus Annual Recurring Revenue.

Infomedia sees FY25 as a "Strengthen Phase" for the company, ahead of reaching "Scale Phase" in FY26.

The trading update included a statement "*Focus for FY25: Continued to strengthen the business and prepare for the Scale Phase*" through FY26 and ongoing. The Scale Phase has previously been described as targeting double-digit revenue growth and revenue growth exceeding cost growth by three percentage points per annum. This would be material for Infomedia, Shaw notes, and is not something baked into expectations.

Shaw still believes a successful turnaround would drive upgrades to both its own forecasts and consensus. Turnaround success is not factored into the current price either, with the share price taking another dive after management's market update.

Operational deleveraging is difficult, but Moelis estimates the margin outlook is being supported by the resilient Microcat and Superservice divisions.

In short, says Bell Potter, the churn event and downgrade in guidance is not ideal but it does not significantly change the outlook.

Targets Down, Ratings Unchanged

Infomedia is currently trading on an FY25 enterprise value to cash earnings multiple of 13.1x, which makes it one of the cheapest software stocks in Shaw and Partners' coverage universe.

The company is growing organically (mid-high single digits), is profitable (margins above 23%) and has a strong balance sheet (net cash $70m). Historically, the stock has traded on an average multiple of 19x and at times as high as 30x.

This suggests turnaround success is not factored in at current levels, and that even if the stock delivered in line with its historical performance, that there would be upside, Shaw suggests.

Shaw has lowered its revenue and cash earnings forecasts and price target to $2.10 from $2.20. The broker retains a Buy (High Risk) rating.

Bell Potter has reduced the multiples it applies in its PE ratio and enterprise value/earnings valuations from 30x and 11.25x to 27.5x and 10x on the back of the modest downgrade and flagged headwinds. The net result is an -11% decrease in Bell Potter's target to $1.78, which is greater than a 15% premium to the share price, so the broker maintains a Buy recommendation.

Downgrades are never welcome, says Moelis, and often occur in sequence. Achieving a stronger second half FY25 result will be necessary for Infomedia to rebuild confidence. Moelis' target reduces to $1.83 from $1.88, mostly due to lower earnings in FY25. Moelis retains a Buy recommendation, supported by the valuable legacy parts and service businesses.

Less sanguine is RBC Capital, who cites limited potential near-term catalysts. Macro headwinds are contributing to longer sales cycles, no margin growth near term and limited organic growth, warns RBC.

RBC has cut its target to $1.65 from $2.00 and retains a Sector Perform rating.

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WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 08-11-24

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 November 4 to Friday November 8, 2024
Total Upgrades: 1
Total Downgrades: 9
Net Ratings Breakdown: Buy 59.00%; Hold 32.95%; Sell 8.05%

For the week ending Friday November 8, 2024, FNArena recorded just the one upgrade and nine downgrades for ASX-listed companies by brokers monitored daily.

Percentage increases in average target prices in the FNArena database were slightly greater than declines, while falls in average earnings forecasts outweighed rises to a greater extent as can be seen in the tables below.

The positive tables for both earnings and targets were headlined by Sigma Healthcare while Audinate Group featured atop both negative lists.

Morgans raised its target for Sigma Healthcare to $2.21 from $1.23 and retained a Hold rating after the "transformational merger" with Chemist Warehouse Group received ACCC approval.

While the store network continues to grow in Australia, Citi (target up to $2.50 from $1.40) also noted prospects for further international expansion, and highlighted more overall growth potential than other large-cap peers inside the Australian retail sector.

Following the clearance of several additional hurdles, including shareholder and court approvals and prospectus preparation, the broker suggested the merger will complete early in 2025.

Suggesting "things are getting worse before they get better', Macquarie (the sole broker in the FNArena database updating research on Audinate Group last week) lowered its target by -30% to $10.20 and downgraded to Neutral from Outperform.

While the analyst could see value on a three-year view, for the time being end-user demand for the company's products is softening.

Unfortunately for investors in Audinate, long-term structural growth is irrelevant to price action in periods of cyclical weakness, explained the broker.

For the first time in the last four weeks, Resource stocks did not dominate the table for negative change to average earnings forecasts, but Mineral Resources again featured prominently in second place.

Upon news Managing Director Chris Ellison will step down over the next 12-18 months and the Chairman will exit before the FY26 AGM, Citi lowered its target by -$15 to $35 and downgraded to Sell from Neutral.

Highlighting negative ESG implications for many investors with concerns around culture and any other undisclosed matters, Citi analysts also felt the slow pace of leadership change will weigh on the stock price.

Bell Potter agreed, noting potential for ongoing volatility in the company's share price for some time due to the chance of further allegations and the long-dated nature of the leadership transition.

On the flipside, Syrah Resources came in second on the positive change to earnings forecast list following third quarter operational results.

Morgan Stanley raised its target for Syrah to 35c from 30c after EPS forecasts benefited from a reduction in loss-making volume estimates for the Balama Graphite operation in Mozambique and the Vidalia Active Anode Material Facility in the United States.

During the third quarter, no production occurred at Balama as management sold down inventory, while the broker doesn't expect sales at Vidalia until the June quarter next year.

A ramp-up of Vidalia production, an improvement in the overall graphite market demand (particularly ex-China), and a recovery in graphite prices will be key for ramping Balama production, explained the analysts.

Beginning the week above $3.00, the Domain Holdings Australia share price slumped to $2.68 by Friday after Citi and Bell Potter downgraded their ratings to Hold (or equivalent) from Buy following a disappointing first quarter trading update.

Bell Potter noted strong listings growth, offset by soft yield due to a shift in sales strategy. Controllable yield of 6.4% comprised a 7.5% price increase but a -1.1% drop in depth. The latter was a function of pushing depth downgrades to the vendor to maintain the listing, rather than experience churn, explained the analysts.

Digital revenue growth of 9% year-on-year in the first quarter missed Citi's 15% forecast due to weaker-than-expected Residential yield growth.

Domain Insights revenue declined year-on-year due to termination of a data supply agreement and lower implementation revenue compared to the broker's estimate for the first half.

While lending volumes have remained strong in the key Sydney and Melbourne markets (despite elevated interest rates), Bell Potter cautioned delayed interest rate cuts may negatively impact along with policy uncertainty prior to next year's Federal election.

Total Buy ratings in the database comprise 59.00% of the total, versus 32.95% on Neutral/Hold, while Sell ratings account for the remaining 8.05%.

Upgrade

ST. BARBARA LIMITED ((SBM)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 1/1/0

Macquarie observes St. Barbara is raising $100m at 38c per share, with the proceeds expected to be used for the development of the Simberi Sulphide Project.

Management aims for first gold production at the project in the first quarter of FY28, with expected capex of -US$258m, while the broker estimates -US$300m.

Following the -22% decline in the share price, the stock is upgraded to Outperform from Neutral. The target price remains at 49c.

Downgrade

AUDINATE GROUP LIMITED ((AD8)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 1/3/0

Macquarie downgrades Audinate Group to Neutral from Outperform, with the broker stressing the outlook has scope to deteriorate further, with negative EPS "momentum" expected before financials improve.

The analyst's longer-term positive view is overshadowed by near-term negatives, including a soft macro backdrop and weak user demand, as evidenced in the latest trading update, where gross profits were down -28% at the midpoint of guidance.

New product launches in 2H25 are expected to underpin some half-on-half revenue growth, though the contribution is forecast to be in the low to mid-single digits.

Macquarie lowers EPS forecasts by -1228% in FY25 and -93% in FY26.

Target price falls by -30% to $10.20 from $14.60.

AMCOR PLC ((AMC)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/5/0

Macquarie notes Amcor's Q1 FY25 results met expectations, with EPS rising 5% on a constant currency basis.

The analyst anticipates cost and volume comparisons will be less challenging in 1H25 than in 2H25. Healthcare showed early signs of de-stocking in 1H25, with volumes increasing in both rigids and flexibles by 3%.

Management has retained its FY25 guidance.

Macquarie lowers EPS forecasts by -3% for FY25 and FY26, mainly due to lower sales expectations.

The target price is reduced to $16.30 from $16.50, Rating is downgraded to Neutral from Outperform, reflecting reduced upside potential for the company's future earnings.

DOMAIN HOLDINGS AUSTRALIA LIMITED ((DHG)) Downgrade to Neutral from Buy by Citi and Downgrade to Hold from Buy by Bell Potter.B/H/S: 1/4/1

Citi downgrades Domain Holdings Australia to Neutral from Buy, with a target price decline of -12% to $3.20 following the company's 1Q25 trading update.

The broker notes management is balancing listings coverage and the consumer experience with yield growth.

Citi observes pressure from REA Group's strong price increases has impacted vendor marketing budgets. This has been a negative for Domain, despite an 8% year-on-year rise in listings share, which was in line with the broker's forecast.

The analyst highlights lower-than-expected revenue growth and has reduced the forecast for cost growth to 9% year-on-year, with a decline in EBITDA gross margins of -20bps to 34.9% for FY25.

Bell Potter lowers its target for Domain Holdings Australia to $3.20 from $3.50 and downgrades to Hold from Buy after a 1Q trading update revealed soft yield due to a shift in sales strategy.

Strong underlying listings growth of 6% year-on-year provided a partial offset, notes the broker.

Management maintained FY25 opex guidance at high-single/low-double-digit growth and flat EBITDA margin guidance of 35.1%, flagging margin expansion in FY26.

Bell Potter lowers its EPS forecasts and reduces its assumed multiple for Core Digital.

LYNAS RARE EARTHS LIMITED ((LYC)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 1/3/2

Macquarie downgrades Lynas Rare Earths to Neutral from Outperform due to the valuation.

The company's recent 1Q25 results were largely as anticipated, with management adjusting production rates to suit demand. Macquarie notes the Mt Weld expansion continued, with stage 1 concentrate de-watering commissioned, the analyst highlights.

Phase 2 construction is underway, with expected completion by the end of FY25. The broker highlights the delay in earthworks at the Seadrift site due to wastewater issues as one of the less positive updates from management.

The target price remains unchanged at $7.50. Neutral. The broker's forecasts are adjusted by less than 1%.

MINERAL RESOURCES LIMITED ((MIN)) Downgrade to Sell from Neutral by Citi .B/H/S: 3/2/2

Upon today's news Managing Director will step down over the next 12-18 months and the Chairman will exit before the FY26 AGM, Citi downgrades its rating for Mineral Resources to Sell from Neutral.

The analyst believes the slow pace of change will likely weigh on the stock price.

The target also falls by -$15 to $35 after the broker lowers its DCF-based valuation to 0.75x from 1.0x on an upcoming ASIC probe.

Also, it's felt there are negative ESG implications for many investors with concerns around culture and any other undisclosed matters.

NEWMONT CORPORATION REGISTERED ((NEM)) Downgrade to Neutral from Buy by UBS .B/H/S: 2/2/0

UBS downgrades Newmont Corp to Neutral from Buy and lowers the target price to US$54 from US$67, citing a "loss of confidence" in the company's ability to meet guidance and restore market trust.

The broker reduces 2025 gold production estimates by -10% to 5.6moz and raises ongoing capex to -US$1.8bn from -US$1.5bn, resulting in higher all-in-sustaining costs of US$1,450/oz.

UBS also cuts 2025 EPS forecasts by -17% and reduces free cash flow estimates by -30% for 2025/2026.

The report highlights Newmont has struggled to regain confidence in its operational performance, increase cash returns, and lower costs.

PRO MEDICUS LIMITED ((PME)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/3/2

Macquarie downgrades Pro Medicus to a Neutral rating from Outperform.

The broker notes recent share price gains have been driven by multiple expansion, largely reflecting anticipated contract wins and renewals.

US market share, critical to the stock's valuation, is projected to grow to 15% by FY30 and 30% by FY35 at current valuation and target price levels.

Macquarie indicates potential growth could be driven by AI developments and new offerings in cardiology.

The target price increases to $180.50 from $152.50 due to a change in the discount rate, raising the valuation.

Pro Medicus is set to attend the Radiological Society of North America conference from December 1-4.

REDOX LIMITED ((RDX)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 1/1/0

Redox announced "resilient results," Ord Minnett highlights, in what the analyst views as a challenging environment.

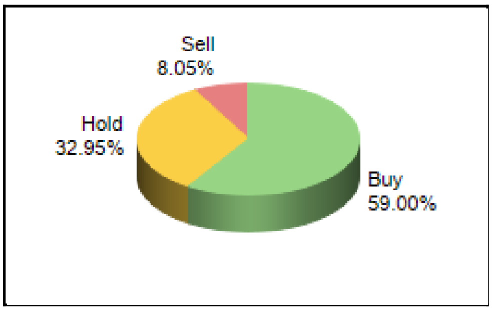
Due to recent changes in the Chinese chemical PPI and the Shanghai containerised freight index, Ord Minnett expects pricing may shift to a "headwind" in 4Q25. The analyst forecasts relatively flat EBITDA on a forex adjusted basis for FY25.

Robust volume growth is anticipated to be offset by pricing and more normalised gross margins.

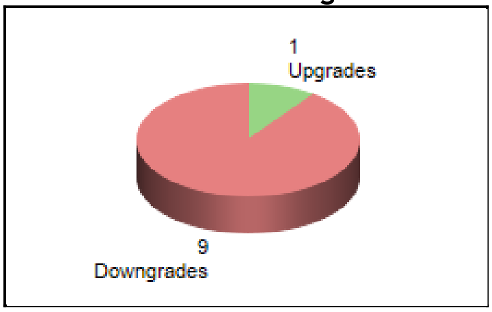
Ord Minnett raises earnings forecasts by around 2% to 3% for FY25-FY27 due to the structurally attractive industry.

The target price increases to $3.15 from $3.08. The stock is downgraded to Hold from Accumulate, as the broker believes it is fully valued.

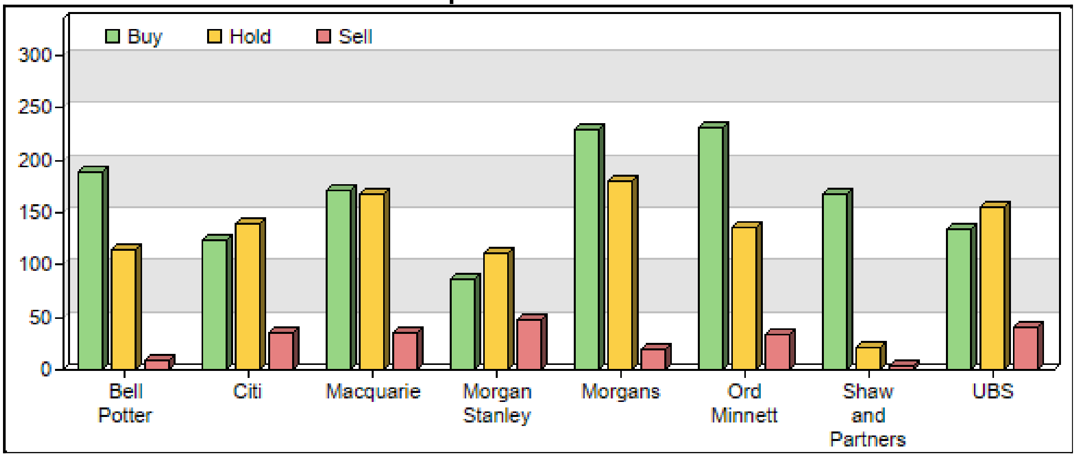
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ST. BARBARA LIMITED	Buy	Neutral	Macquarie
Downgrade				
2	AMCOR PLC	Neutral	Buy	Macquarie
3	AUDINATE GROUP LIMITED	Neutral	Buy	Macquarie
4	DOMAIN HOLDINGS AUSTRALIA LIMITED	Neutral	Buy	Bell Potter
5	DOMAIN HOLDINGS AUSTRALIA LIMITED	Neutral	Buy	Citi
6	LYNAS RARE EARTHS LIMITED	Neutral	Buy	Macquarie
7	MINERAL RESOURCES LIMITED	Sell	Neutral	Citi
8	NEWMONT CORPORATION REGISTERED	Neutral	Buy	UBS
9	PRO MEDICUS LIMITED	Neutral	Buy	Macquarie
10	REDOX LIMITED	Neutral	Buy	Ord Minnett

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	SIG	SIGMA HEALTHCARE LIMITED	1.965	1.258	56.20%	4
2	CMM	CAPRICORN METALS LIMITED	7.333	6.867	6.79%	3
3	ASB	AUSTAL LIMITED	3.463	3.263	6.13%	3
4	PME	PRO MEDICUS LIMITED	134.100	128.500	4.36%	5
5	360	LIFE360 INC	21.593	20.760	4.01%	4
6	ALL	ARISTOCRAT LEISURE LIMITED	61.300	59.467	3.08%	6
7	DMP	DOMINO'S PIZZA ENTERPRISES LIMITED	35.150	34.140	2.96%	6
8	SYR	SYRAH RESOURCES LIMITED	0.568	0.555	2.34%	4
9	SUN	SUNCORP GROUP LIMITED	19.137	18.795	1.82%	6
10	WBC	WESTPAC BANKING CORPORATION	28.402	27.915	1.74%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	AD8	AUDINATE GROUP LIMITED	10.475	11.575	-9.50%	4
2	NEM	NEWMONT CORPORATION REGISTERED	85.000	88.750	-4.23%	4
3	SWM	SEVEN WEST MEDIA LIMITED	0.147	0.153	-3.92%	3
4	DHG	DOMAIN HOLDINGS AUSTRALIA LIMITED	3.217	3.342	-3.74%	6
5	LTR	LIONTOWN RESOURCES LIMITED	0.880	0.913	-3.61%	6
6	MIN	MINERAL RESOURCES LIMITED	44.357	45.929	-3.42%	7
7	NEC	NINE ENTERTAINMENT CO. HOLDINGS LIMITED	1.730	1.780	-2.81%	3
8	WOW	WOOLWORTHS GROUP LIMITED	33.225	34.117	-2.61%	6
9	CIA	CHAMPION IRON LIMITED	6.900	6.967	-0.96%	3
10	RHC	RAMSAY HEALTH CARE LIMITED	44.004	44.404	-0.90%	5

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	SIG	SIGMA HEALTHCARE LIMITED	2.600	2.150	20.93%	4
2	SYR	SYRAH RESOURCES LIMITED	-15.284	-16.996	10.07%	4
3	NST	NORTHERN STAR RESOURCES LIMITED	111.129	107.557	3.32%	7
4	WBC	WESTPAC BANKING CORPORATION	199.340	193.450	3.04%	6
5	NIC	NICKEL INDUSTRIES LIMITED	3.798	3.737	1.63%	5
6	WDS	WOODSIDE ENERGY GROUP LIMITED	249.713	247.850	0.75%	6
7	JBH	JB HI-FI LIMITED	419.867	418.367	0.36%	7
8	XRO	XERO LIMITED	139.579	139.158	0.30%	6
9	NEM	NEWMONT CORPORATION REGISTERED	408.118	407.156	0.24%	4
10	ANZ	ANZ GROUP HOLDINGS LIMITED	223.300	222.775	0.24%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	AD8	AUDINATE GROUP LIMITED	-6.250	-2.525	-147.52%	4
2	MIN	MINERAL RESOURCES LIMITED	-88.650	-67.900	-30.56%	7
3	NEC	NINE ENTERTAINMENT CO. HOLDINGS LIMITED	9.200	9.867	-6.76%	3
4	SUN	SUNCORP GROUP LIMITED	100.820	106.820	-5.62%	6
5	LNW	LIGHT & WONDER INC	434.350	448.400	-3.13%	5
6	NWS	NEWS CORPORATION	120.161	123.699	-2.86%	3
7	NAB	NATIONAL AUSTRALIA BANK LIMITED	221.080	227.400	-2.78%	6
8	DHG	DOMAIN HOLDINGS AUSTRALIA LIMITED	8.700	8.880	-2.03%	6
9	DMP	DOMINO'S PIZZA ENTERPRISES LIMITED	139.000	141.775	-1.96%	6
10	WOW	WOOLWORTHS GROUP LIMITED	132.750	134.975	-1.65%	6

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WEEKLY REPORTS

Uranium Week: Trump, Cameco & NextDC

U308 spot price rebooted after the US election, while Cameco and commodities expert Bob Brackett offer positive views on nuclear energy and uranium.

-Uranium spot price drifts lower in a quiet week
-Cameco sees positive momentum for nuclear energy
-Petra Capital's tactical ASX uranium stocks to buy
-OddLots podcast speaks with Bob Brackett, commodities guru

By Danielle Ecuyer

US election stalls market activity

The uranium spot market was not immune to temporary US election paralysis last week. Industry consultants TradeTech explained activity in the spot market "stalled" until Thursday, Nov 7. Five transactions were conducted for 400,000 lbs of U308, including two transactions after market hours for purchases beyond the 90-day spot delivery window.

TradeTech notes the other three transactions included a purchase by the Sprott Physical Uranium Trust, a producer, and a trader, with spot prices ranging from US$76.50/lb to US$77.50/lb.

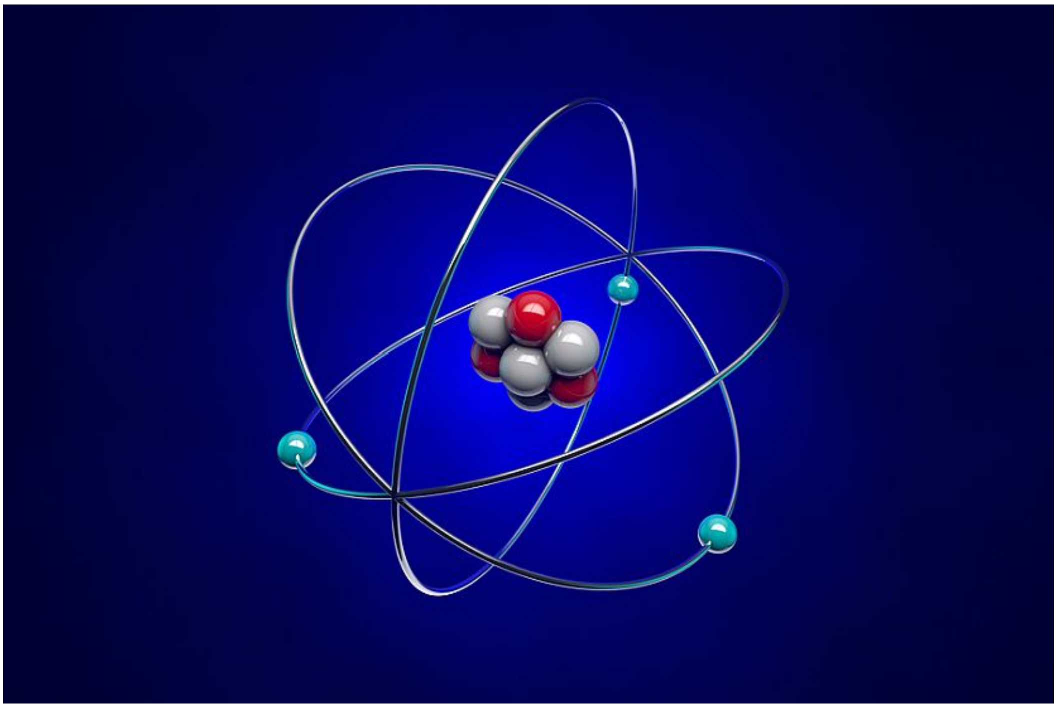
Friday last week saw a trade for January delivery between two trading entities at US$77/lb. This represented a decline in the TradeTech weekly spot price of -US$1.50, though unchanged from the previous day's spot price.

The consultants remind us the spot price remains up 5% year-on-year and 54% higher than two years ago, despite a retracement from a 16-year high of US$107/lb in February. TradeTech's Mid-Term U308 price indicator stood at US$84/lb, and the Long-Term U308 price indicator at US$82/lb.

Cameco reports Sept quarter results

Cameco announced September quarter results. CEO and President Tim Gitzel was quoted by TradeTech, stating, "there is a clear underlying trend of improving operational performance and cash flow generation, backed by stable and rising market prices."

"From a marketing perspective, we have contracts in both our uranium and fuel services segments with deliveries spanning more than a decade. In a market where we are seeing sustained, positive momentum for nuclear energy, we are continuing to be selective in committing our unencumbered, tier-one, in-ground uranium inventory and UF6 conversion capacity under long-term contracts, to capture greater upside for many years to come."



ASX listed uranium stocks offer tactical upside

Petra Capital detailed the recent **Global Uranium Conference**, held in Adelaide in late October, noting record attendance of 225 attendees. The analyst points to a presentation from data centre developer and operator, **NextDC** ((NXT)), which emphasised the benefits of artificial intelligence for the nuclear industry.

Northamerican companies, including Cameco, Orano, NexGen Energy, and Energy Fuels, were also in attendance. The broker describes NextDC's presentation as "upbeat". While not directly discussing nuclear power, the focus was on AI benefits, stating, *"by the way, this will require nuclear energy. I want green electrons. I want low-cost electrons. I need reliable electrons."*

Petra believes this is a more positive message, potentially more resonant than traditional industry messaging.

Observing the ASX uranium sector, Petra's analyst sees a near-term buying opportunity, with ASX uranium stocks lagging international peers. The broker's tactical preference is for **Bannerman Energy** ((BMN)) and **NexGen Energy** ((NXG)). Bannerman is described as showing high "valuation" leverage, offering approximately 65% potential upside to its 2024 highs, and continuing to offer better value than Namibian developer peer, **Deep Yellow** ((DYL)). It is Buy-rated with a $4.51 target price.

Petra is also optimistic about NexGen Energy. Management is awaiting Federal approval for the Rook1 project, expected in the March quarter of 2025 following Provincial approval in Nov 2023. Capex for the project has increased to -CA$2.2bn from -CA$1.3bn, with Petra forecasting -CA$2.8bn for this large project, which is anticipated to produce 29m lbs, starting in 2028. Petra believes NexGen is among the few listed companies with sufficient liquidity to absorb "generalist capital inflows." It is Buy-rated with a target price of $12.15.

Other Buy-rated uranium stocks include **Lotus Resources** ((LOT)), with a 36c target price; **Aura Energy** ((AEE)), 33c target price; and **Alligator Energy** ((AGE)), with a 10c target price.

Canaccord Genuity highlighted the successful completion of a $130m capital raising for Lotus with first U308 production from Kayelekera targeted for the September quarter of 2025. Management had already announced a slower ramp-up with FY26 production guidance decreased to around 610klbs and FY26 EBITDA of circa $0.7m.

Canaccord rates Lotus as a Speculative Buy with a 42c target, down from 54c.

Commodities expert Bob Brackett shares uranium insights

Bloomberg Odd Lots' podcasters Joe Weisenthal and Tracy Alloway spoke with "commodities guru" Bob Brackett, head of Americas energy and transition at Bernstein Research, on uranium and other commodities.

Brackett described the uranium market as "small," noting its size of 200m pounds. While "million" may sound significant, Brackett illustrates by comparing the uranium industry's size to the world's largest copper mine, Escondida, which could fit 10 times the entire uranium industry within one single copper mine.

Brackett emphasises, compared to the billions required to construct a nuclear power plant, the cost of uranium is "a rounding error." He also explains uranium's density, noting it requires only thousands of tons for a nuclear plant compared to millions of tons of coal for a coal-fired plant.

Brackett details how uranium as a commodity is hard to short, with historical price corrections typically following nuclear accidents, such as Fukushima or Three Mile Island.

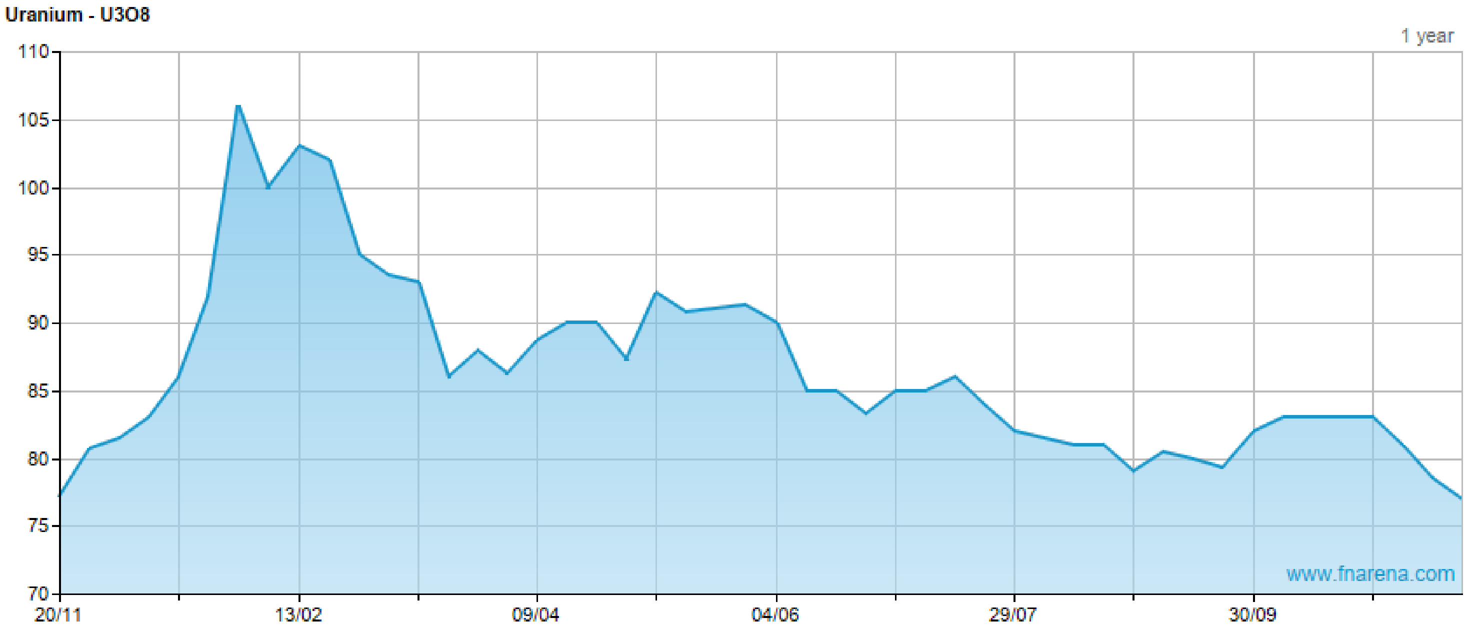
Demand growth for uranium stems from new power plant construction and the reactivation of decommissioned plants. Brackett highlights the involvement of big tech companies like Microsoft, and the possibility of restarting Three Mile Island. Major tech companies are now associated with nuclear investment as they seek reliable electricity to meet unknowable future demand.

Whether through funding small modular reactors or restarting decommissioned plants, Brackett views this shift as an "inflection point" for the industry. He anticipates nuclear energy will comprise less than 10% of the total energy supply, as constructing enough reactors rapidly to dominate the energy mix remains unlikely.

Nuclear power will remain available as part of the energy mix. The current investment by big tech in research and development is considered a potential catalyst for growth, possibly accelerating the deployment of small modular reactors.

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

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	08/11/2024	0.0500	▲25.00%	$0.19	$0.03			
AEE	08/11/2024	0.1400	▲ 3.45%	$0.33	$0.11			
AGE	08/11/2024	0.0400	▲ 2.27%	$0.08	$0.03		$0.100	▲150.0%
AKN	08/11/2024	0.0100	0.00%	$0.07	$0.01			
ASN	08/11/2024	0.0700	▼- 1.43%	$0.18	$0.07			
BKY	08/11/2024	0.3600	▼- 1.41%	$0.45	$0.26			
BMN	08/11/2024	2.8700	▲ 3.51%	$4.87	$1.90		$7.400	▲157.8%
BOE	08/11/2024	3.1600	▲ 0.94%	$6.12	$2.38	20.6	$4.200	▲32.9%
BSN	08/11/2024	0.0300	▼- 6.25%	$0.21	$0.02			
C29	08/11/2024	0.0800	0.00%	$0.12	$0.06			
CXO	08/11/2024	0.1000	0.00%	$0.39	$0.08		$0.090	▼- 10.0%
CXU	08/11/2024	0.0200	▲100.00%	$0.06	$0.01			
DEV	08/11/2024	0.1200	▼- 4.00%	$0.45	$0.11			
DYL	08/11/2024	1.3100	▼- 0.38%	$1.83	$0.91	-72.2	$1.900	▲45.0%
EL8	08/11/2024	0.3000	▼- 3.13%	$0.68	$0.26			
ERA	08/11/2024	0.0020	0.00%	$0.08	$0.00			
GLA	08/11/2024	0.0100	0.00%	$0.04	$0.01			
GTR	08/11/2024	0.0040	0.00%	$0.02	$0.00			
GUE	08/11/2024	0.0700	▼-12.50%	$0.18	$0.05			
HAR	08/11/2024	0.0600	0.00%	$0.28	$0.03			
I88	08/11/2024	0.5000	0.00%	$1.03	$0.14			
KOB	08/11/2024	0.0800	▼-11.11%	$0.18	$0.07			
LAM	08/11/2024	0.8500	▲ 1.19%	$1.04	$0.48			
LOT	08/11/2024	0.2400	▲ 4.08%	$0.49	$0.20		$0.547	▲127.8%
MEU	08/11/2024	0.0360	▼- 5.26%	$0.06	$0.04			
NXG	08/11/2024	11.1500	▲ 0.63%	$13.66	$7.89		$16.200	▲45.3%
ORP	08/11/2024	0.0300	▼-25.00%	$0.12	$0.03			
PDN	08/11/2024	9.7000	▼- 1.12%	$17.98	$8.15	26.0	$14.325	▲47.7%
PEN	08/11/2024	0.0900	▼- 1.11%	$0.15	$0.07		$0.260	▲188.9%
SLX	08/11/2024	5.7000	▲ 7.21%	$6.74	$3.01		$7.200	▲26.3%
TOE	08/11/2024	0.2800	▼-16.67%	$0.70	$0.01			
WCN	08/11/2024	0.0200	0.00%	$0.03	$0.01			



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WEEKLY REPORTS

The Short Report - 14 Nov 2024

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

Summary:

Week Ending November 7th, 2024 (most recent data available through ASIC).

10%+

PLS 18.37
BOE 15.32
PDN 15.06
IEL 14.78
SYR 13.02

Out: LTR, LYC

9.0-9.9%

MIN
LTR
DYL
LYC
DMP

In: LTR, LYC

8.0-8.9%

KAR
ADT
SYA

7.0-7.9%

CTD
SGR
CTT
LIC
BGL
SEK

6.0-6.9%

GMD
STX
RIO
JLG
AD8
NUF
SLX
CUV
WBT
IMU

In: CUV, SLX

5.0-5.9%

DXS
FLT
APE
SFR
ALD
NVX
CHN
NCK
LOT
IDX

Out: CUV, SLX

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.3	0.3	NAB	0.8	0.8
ANZ	0.6	0.6	QBE	0.5	0.5
BHP	0.3	0.3	RIO	6.5	6.5
CBA	1.4	1.4	STO	0.8	0.9
COL	0.9	0.8	TCL	0.8	0.8
CSL	0.4	0.4	TLS	0.3	0.2
FMG	0.9	0.9	WBC	0.9	0.8
GMG	0.5	0.4	WDS	2.1	2.2
JHX	0.7	0.8	WES	0.7	0.7
MQG	0.6	0.6	WOW	0.5	0.5

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

Guide:

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

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

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

IMPORTANT INFORMATION ABOUT THIS REPORT

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

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

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

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

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

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

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

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

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WEEKLY REPORTS

In Brief: Bisalloy Steel, Attura & Lindsay Australia

Peek into the smaller market cap end of the share market with brokers' offering ideas across a range of industries.

-Bisalloy Steel reaping the benefits of new management
-Attura grows profits via add-ons
-Lindsay on the road to recovery

By Danielle Ecuyer

Quote of the week comes from the FT's coverage on Trump's proposed economic reforms:

"Trump's victory will ensure a lower tax environment that should boost sentiment and spending in the near term," said James Knightley, economist at ING Bank. "However, promised tariffs, immigration controls and higher borrowing costs will increasingly become headwinds through his presidential term."

AUKUS submarines a potential boost for Bisalloy Steel

MST Access has initiated coverage on **Bisalloy Steel Group** ((BIS)), Australia's only domestic manufacturer of quenched and tempered steel plate, competing with Swedish company SSAB. The high-strength, wear-resistant steel plate is used by original equipment manufacturers as well as for replacement equipment in the mining industry.

Approximately 70% of the steel plate is used in the mining sector, primarily for iron ore and hard rock in truck trays, chutes, and ore processing mills. The company also has exposure to gold, copper, and coal. Mining generates 80% of sales, with tray bodies representing 61%, buckets 10%, and chutes 4%.

A new haul truck requires an installed tray before entering service, and trays need replacing every four years in iron ore and hard rock applications, and every seven years for coal mining. Buckets are used in material loaders, with a lifespan of about one year for iron ore/hard rock and two years for coal.

In defense, armour plate is used in land vehicles and submarines. Bisalloy is the sole supplier to the Australian defense industry for land vehicles and is conducting the qualification process for AUKUS submarines. Defense represents 6% of sales, with other sectors accounting for 11%.

Bisalloy holds a 38% market share in the quenched and tempered market, which has been stable. The company has a joint venture in China with Shandong Iron and Steel Group Co, generating around 15% of net profit in FY24, alongside majority-owned distribution companies in Indonesia and Thailand.

MST Access reports the new management team, in place for three years, has improved safety and performance while reducing the company's debt.

The broker has assigned a Buy rating with a $5.58 valuation, compared to the current share price of around $3.60, at a price-to-earnings ratio of about 9.5x and a forecast 6% dividend yield for FY25.

The company's balance sheet is described as "pristine" with a net cash position of $6m, enabling M&A opportunities, MST suggests. Substantial shareholders own 30% of the stock, with a market cap of $165m.

Can an acquisitive strategy deliver a re-rating for Attura?

Moelis delves into **Attura's** (ATA) inaugural investor day, where management announced three potential acquisitions and a capital raising.

Attura, listed in 2021, has a market capitalisation of around $430m. The company is an end-to-end IT services and consulting group assisting businesses in extracting value from data, technology, and people.

As per the broker's research report, Management's proposed acquisitions are in advanced discussions, aiming to broaden the customer base by adding over 1,000 clients to the network, creating cross-selling opportunities.

The acquisitions would also enable geographic expansion, increase market share in A&NZ, and introduce "unique" service offerings to generate quality revenue streams with high retention rates.

Attura expects successful acquisitions would be earnings accretive, costing an estimated -$45m, generating revenues of $22m-$30m in FY25, and delivering an underlying EBITDA of $3m-$3.5m, with a midpoint margin of 12.5%.

Funding is through a two-tranche placement at approximately $70.5m and a share purchase placement of an additional $6.1m. New shares offered at $1.05 represent around a -4.5% discount to the last traded price of $1.10.

Moelis believes the acquisitions represent a significant step-up in the company's inorganic growth strategy. While the acquisition strategy is a net positive, it also increases risks around execution and integration, though the analyst notes management's strong track record.

Moelis has a Buy rating and a $1.31 target price, with the stock trading at a 16.6x price-to-earnings multiple, which is not viewed as excessive. Successful acquisition and integration of the three businesses could result in a valuation re-rating.

Positive signs horticulture markets are improving

Wilsons highlighted **Lindsay Australia's** (LAU) 1H25 AGM trading update, which confirmed what the broker describes as *"welcome confirmation"* of the ongoing recovery in the horticulture market following negative wet weather impacts in FY24.

Horticultural volumes rose 6% compared to the previous corresponding period as recovery from wet weather continues. Management confirmed gradual improvements in the rural and regional transport business, with commercial volumes rising 5% from the prior year.

The analyst views the update positively, especially in the context of Coles Group's ((COL)) and Woolworths Group's ((WOW)) softer-than-expected 1Q25 trading upgrades.

Wilsons has a Buy-equivalent rating with a $1.24 target price. The stock is trading on an FY25 forecast price-to-earnings multiple of 7.8x with a 5.2% dividend yield.

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 15-11-24

Broker Rating Changes (Post Thursday Last Week)

Upgrade

DOMAIN HOLDINGS AUSTRALIA LIMITED ((DHG)) Upgrade to Buy from Overweight by Jarden.B/H/S: 0/0/0

Domain Holdings Australia and REA Group's quarterly updates showed similar paid volumes growth, Jarden notes, however this is where the similarities ended.

The impact of winbacks diluted Domain's controllable yield growth while REA's Buy yield grew by an "impressive" 15%.

The broker suggests this indicates REA is growing its share of agent spend, although agent spend is growing overall, which still benefits Domain.

Jarden has downgraded forecast earnings for Domain and upgraded REA's, cutting Domain's target by-2.9% to $3.35 and lifting REA's target 2.3% to $181.

Domain's share price underperformance is considered an opportunity and the broker upgrades to Buy from Overweight. Jarden moves REA to Underweight from Sell despite its stronger operating momentum but notes a lack of near-term catalyst.

REA GROUP LIMITED ((REA)) Upgrade to Underweight from Sell by Jarden.B/H/S: 0/0/0

Domain Holdings Australia and REA Group's quarterly updates showed similar paid volumes growth, Jarden notes, however this is where the similarities ended.

The impact of winbacks diluted Domain's controllable yield growth while REA's Buy yield grew by an impressive 15%.

This indicates REA is growing its share of agent spend, the broker suggests, although agent spend is growing overall, which still benefits Domain.

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Domain's share price underperformance is considered an opportunity and the broker upgrades to Buy from Overweight. Jarden moves REA to Underweight from Sell, ignoring its stronger operating momentum but notes a lack of near-term catalyst.

Downgrade

ENDEAVOUR GROUP LIMITED ((EDV)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

Jarden has downgraded Endeavour Group to Neutral from Overweight, citing a challenging outlook for the company as Q1 retail sales were flat and Q2 is expected to decline.

The broker expects 2Q retail margins to fall by -50 to -100bps year-on-year due to increased competition and promotional activity, while a lack of significant catalysts limits near-term growth opportunities.

With the recent CEO change, the analysts express concern over long-term execution, especially with rising operational costs and new ERP implementation pressures.

Jarden reduces its target price to $5.00 from $6.00, reflecting uncertainty and a cautious stance on retail and liquor market trends. Neutral.

HARVEY NORMAN HOLDINGS LIMITED ((HVN)) Downgrade to Sell from Neutral by Goldman Sachs.B/H/S: 0/0/0

Goldman Sachs has downgraded Harvey Norman to Sell from Neutral, reducing the target price to $4.00 from $4.50 ahead of the company's trading update.

The downgrade is based on the broker's expectations of market share losses in A&NZ due to increased competition from JB Hi-Fi ((JBH)) and Officeworks ((WES)), as well as lower anticipated earnings.

The broker's forecast earnings sit below consensus estimates by -8% to -13% for FY25 to FY27.

Goldman Sachs has revised valuation multiples down for A&NZ franchises and raised the cap rate for property valuation to 6.25%, citing a challenging macro environment.

LIONTOWN RESOURCES LIMITED ((LTR)) Downgrade to Hold from Buy by Petra Capital.B/H/S: 0/0/0

Following an optimisation study, Petra Capital highlights Liontown Resources has lowered its long-term processing rate to 2.8Mtpa, reducing expected output to 530ktpa by FY28 from a previous estimate of 560ktpa.

Separately, the ramp-up at Kathleen Valley is progressing well, with guidance for FY25 production now at 275kt (midpoint) compared to the broker's previous assumption of 198kt.

Due to lower output and lower feed grade, the broker assumes higher unit costs over the coming years, reducing the target to 85c from $1.10. The rating is downgraded to Hold from Buy.

SILK LOGISTICS HOLDINGS LIMITED ((SLH)) Downgrade to Hold from Buy by Moelis.B/H/S: 0/0/0

Moelis notes Silk Logistics has entered into a binding Scheme Implementation Deed with DP World Australia for the proposed acquisition of 100% of the company's shares at $2.14.

The offer values the company at $174.5m, a significant premium to recent trading, the analyst notes, and Silk Logistics' board is recommending shareholders vote in favour of the proposal in the absence of a better offer.

No changes to the analyst's earnings forecasts.

The stock is downgraded to Hold from Buy with a higher target price of $2.14.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	DOMAIN HOLDINGS AUSTRALIA LIMITED	Buy	Buy	Jarden
2	REA GROUP LIMITED	Sell	Sell	Jarden
Downgrade				
3	ENDEAVOUR GROUP LIMITED	Neutral	Buy	Jarden
4	HARVEY NORMAN HOLDINGS LIMITED	Sell	Neutral	Goldman Sachs
5	LIONTOWN RESOURCES LIMITED	Neutral	Buy	Petra Capital
6	SILK LOGISTICS HOLDINGS LIMITED	Neutral	Buy	Moelis

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
ACF	Acrow	$1.09	Moelis	1.41	1.08	30.56%
AGE	Alligator Energy	$0.04	Petra Capital	0.10	0.11	-9.09%
ALL	Aristocrat Leisure	$67.18	Goldman Sachs	70.00	55.30	26.58%
ARB	ARB Corp	$41.48	Goldman Sachs	39.20	40.00	-2.00%
ASK	Abacus Storage King	$1.19	Moelis	1.38	1.34	2.99%
AVH	Avita Medical	$3.96	Wilsons	3.20	2.75	16.36%
BMN	Bannerman Energy	$2.76	Petra Capital	4.51	4.68	-3.63%
CNB	Carnaby Resources	$0.39	Petra Capital	1.45	1.53	-5.23%

COI	Comet Ridge	$0.17	Canaccord Genuity	0.21	0.17	23.53%
DHG	Domain Holdings Australia	$2.79	Goldman Sachs	3.20	3.40	-5.88%
			Jarden	3.35	3.45	-2.90%
DMP	Domino's Pizza Enterprises	$28.46	Goldman Sachs	39.10	40.00	-2.25%
EDV	Endeavour Group	$4.24	Goldman Sachs	5.50	6.20	-11.29%
			Jarden	5.00	6.00	-16.67%
GLL	Galilee Energy	$0.01	Canaccord Genuity	0.03	0.08	-62.50%
HVN	Harvey Norman	$4.53	Goldman Sachs	4.00	4.50	-11.11%
IFM	Infomedia	$1.30	Moelis	1.83	1.88	-2.66%
IPH	IPH	$5.20	Petra Capital	8.25	8.20	0.61%
IPL	Incitec Pivot	$3.01	Goldman Sachs	3.35	3.30	1.52%
IPX	Iperionx	$3.75	Petra Capital	5.01	4.93	1.62%
JBH	JB Hi-Fi	$87.95	Goldman Sachs	66.90	54.40	22.98%
JHX	James Hardie Industries	$55.00	Goldman Sachs	57.85	55.00	5.18%
JIN	Jumbo Interactive	$12.66	Jarden	14.60	14.70	-0.68%
			Wilsons	14.14	15.89	-11.01%
LAU	Lindsay Australia	$0.90	Wilsons	1.24	1.22	1.64%
LIC	Lifestyle Communities	$8.74	Goldman Sachs	9.95	11.30	-11.95%
LOT	Lotus Resources	$0.23	Canaccord Genuity	0.42	0.54	-22.22%
LTM	Arcadium Lithium	$8.05	Goldman Sachs	8.22	6.35	29.45%
LTR	Liontown Resources	$0.86	Goldman Sachs	0.87	0.95	-8.42%
			Petra Capital	0.85	1.10	-22.73%
MAQ	Macquarie Technology	$89.72	Petra Capital	94.93	87.81	8.11%
NEC	Nine Entertainment	$1.14	Goldman Sachs	1.65	1.90	-13.16%
			Jarden	1.55	1.60	-3.13%
NEU	Neuren Pharmaceuticals	$17.30	Wilsons	30.94	N/A	-
NHF	nib Holdings	$5.71	Goldman Sachs	6.75	6.60	2.27%
			Jarden	7.20	6.25	15.20%
PER	Percheron Therapeutics	$0.08	Wilsons	0.25	0.27	-7.41%
PFP	Propel Funeral Partners	$5.80	Moelis	6.20	6.01	3.16%
PXA	Pexa Group	$13.44	Goldman Sachs	16.00	16.20	-1.23%
			Jarden	14.65	14.90	-1.68%
REA	REA Group	$245.51	Goldman Sachs	249.00	245.00	1.63%
			Jarden	181.00	177.00	2.26%
SLH	Silk Logistics	$2.07	Moelis	2.14	1.67	28.14%
SUN	Suncorp Group	$18.84	Goldman Sachs	19.20	18.50	3.78%
			Jarden	17.50	17.35	0.86%
SWM	Seven West Media	$0.16	Goldman Sachs	0.13	0.14	-7.14%
TLC	Lottery Corp	$5.07	Jarden	5.00	5.10	-1.96%
WDS	Woodside Energy	$23.65	Goldman Sachs	26.20	27.20	-3.68%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

ACF ACROW LIMITED

Building Products & Services Overnight Price: $1.10

Moelis rates ((ACF)) as Buy (1)

Moelis highlights secured hire contracts have increased by 57% year-on-year, reaching $33.8m, supported by high demand in the Screens and Jumpform divisions, particularly in projects like Ipswich and Toowoomba hospitals for Acrow.

The company's pipeline has grown to a record $198m as of October 2024, up 39% from the previous year, indicating robust demand.

Moelis makes slight EPS adjustments for FY2527 due to Industrial Access growth, partially offset by lower group margins.

The broker believes the Queensland civil and commercial projects are expected to underpin formwork growth.

Buy rating unchanged with target lifted to $1.41 from $1.38.

This report was published on November 12, 2024.

Target price is **$1.41** Current Price is **$1.10** Difference: **$0.31**
If **ACF** meets the Moelis target it will return approximately **28%** (excluding dividends, fees and charges).
Current consensus price target is **$1.30**, suggesting upside of **16.8%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **6.00** cents and EPS of **11.90** cents.
At the last closing share price the estimated dividend yield is **5.45%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **9.24**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **11.7**, implying annual growth of **31.9%**.
Current consensus DPS estimate is **5.7**, implying a prospective dividend yield of **5.1%**.
Current consensus EPS estimate suggests the PER is **9.5**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **6.40** cents and EPS of **12.90** cents.
At the last closing share price the estimated dividend yield is **5.82%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.53**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **12.2**, implying annual growth of **4.3%**.
Current consensus DPS estimate is **6.0**, implying a prospective dividend yield of **5.4%**.
Current consensus EPS estimate suggests the PER is **9.1**.

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

ARX AROA BIOSURGERY LIMITED

Pharmaceuticals & Biotech/Lifesciences Overnight Price: $0.68

Canaccord Genuity rates ((ARX)) as Buy (1)

Aroa Biosurgery's distributor of Ovitex and Ovitex PRS product lines, TELA, released its Sep Q result that slightly beat Canaccord Genuity's expectations, and maintained 2024 guidance.

The quarter showed a bounce-back back following a challenged June Q of cyberattacks, procedure volume weakness, and surgeon user departure, the broker notes. The company reported 26% revenue growth, with strong European growth.

Aroa continues to look cheap in Canaccord's view, with this year expected to be its maiden profitable year. The broker expects operating leverage and scale to come through in FY26, which should help restore investor confidence in the company.

Buy and $1.00 target retained.

This report was published on November 11, 2024.

Target price is **$1.00** Current Price is **$0.68** Difference: **$0.32**
If **ARX** meets the Canaccord Genuity target it will return approximately **47%** (excluding dividends, fees and charges).
The company's fiscal year ends in March.

Forecast for FY25:

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 0.37** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 184.78**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **1.93** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **35.21**.

This company reports in **NZD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

AVA AVA RISK GROUP LIMITED

Hardware & Equipment Overnight Price: $0.14

Canaccord Genuity rates ((AVA)) as Buy (1)

Ava Risk's 1Q25 update showed order intake of $8.9m, sustaining a strong backlog and supporting FY25 revenue guidance of $42.7$55.2m, implying a "substantially stronger" second half, Canaccord Genuity observes.

The analyst notes Detect remains the key revenue driver, estimated to contribute $29m for FY25, a 58% increase year-on-year. The pipeline for Direct applications is highlighted by the broker as over $100m in opportunities.

Management attributes AVA's growth to improved processes, product offerings, and reduced competition. Buy rating retained with 30c target price.

This report was published on November 6, 2024.

Target price is **$0.30** Current Price is **$0.14** Difference: **$0.16**
If **AVA** meets the Canaccord Genuity target it will return approximately **114%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **1.30** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **10.77**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.85** cents and EPS of **3.10** cents.
At the last closing share price the estimated dividend yield is **6.07%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **4.52**.

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

DUR DURATEC LIMITED

Industrial Sector Contractors & Engineers Overnight Price: $1.60

Taylor Collison rates ((DUR)) as Initiation of coverage with Outperform (2)

Taylor Collison initiates coverage on Duratec with an Outperform rating, noting the company's unique position as a remediation-focused contractor within sectors such as defence, mining, and energy.

The broker suggests the defence sector operations (comprising around 40% of revenue) are a significant advantage, given the long-term government investment in Australian defence infrastructure.

Duratec's proprietary MEnD Consulting division provides additional differentiation, suggests the analyst, enhancing margins and generating cross-selling opportunities through its durability engineering services.

Taylor Collison forecasts revenue growth supported by major contracts, including projects with Rio Tinto ((RIO)) and BHP Group ((BHP)).

It's anticipated gross margins will improve as management decreases reliance on subcontractors in favour of internal capabilities.

The current valuation is attractive, in Taylor Collison's view, given the industry fundamentals and the company's growth trajectory.

Taylor Collison sets a price target of $1.87.

This report was published on November 8, 2024.

Target price is **$1.87** Current Price is **$1.60** Difference: **$0.27**
If **DUR** meets the Taylor Collison target it will return approximately **17%** (excluding dividends, fees and charges).
Current consensus price target is **$1.64**, suggesting upside of **4.2%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Taylor Collison forecasts a full year **FY25** dividend of **6.10** cents and EPS of **9.80** cents.
At the last closing share price the estimated dividend yield is **3.81%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.33**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **10.7**, implying annual growth of **23.6%**.
Current consensus DPS estimate is **4.8**, implying a prospective dividend yield of **3.1%**.
Current consensus EPS estimate suggests the PER is **14.7**.

Forecast for FY26:

Taylor Collison forecasts a full year **FY26** dividend of **8.20** cents and EPS of **10.80** cents.
At the last closing share price the estimated dividend yield is **5.12%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.81**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **12.5**, implying annual growth of **16.8%**.
Current consensus DPS estimate is **6.1**, implying a prospective dividend yield of **3.9%**.
Current consensus EPS estimate suggests the PER is **12.6**.

Market Sentiment: **0.8**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

IPH   IPH LIMITED

Legal Overnight Price: $5.27

Petra Capital rates ((IPH)) as Buy (1)

IPH's patent filings data for October indicate weak national phase filings, according to Petra Capital, a trend persisting since May, with IPH's filings down -4.7% year-on-year compared to the market at -3.3%.

The broker attributes part of this decline to the company's higher exposure to the US market, where demand has softened.

In the six-month period to October, IPH's filings decreased by -8.5% versus the market's -3.9%, yet growth in direct filings mitigated the impact, explains the analyst.

Rolling 12-month data reflect a market share of 31.5%, a level maintained since May 2023, notes Petra Capital.

The broker maintains a Buy rating with an unchanged target price of $8.25.

This report was published on November 12, 2024.

Target price is **$8.25** Current Price is **$5.27** Difference: **$2.98**
If **IPH** meets the Petra Capital target it will return approximately **57%** (excluding dividends, fees and charges).
Current consensus price target is **$7.65**, suggesting upside of **44.9%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Petra Capital forecasts a full year **FY25** dividend of **35.30** cents and EPS of **46.40** cents.
At the last closing share price the estimated dividend yield is **6.70%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **11.36**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **46.8**, implying annual growth of **86.6%**.
Current consensus DPS estimate is **36.4**, implying a prospective dividend yield of **6.9%**.
Current consensus EPS estimate suggests the PER is **11.3**.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **37.50** cents and EPS of **49.20** cents.
At the last closing share price the estimated dividend yield is **7.12%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **10.71**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **50.3**, implying annual growth of **7.5%**.
Current consensus DPS estimate is **37.5**, implying a prospective dividend yield of **7.1%**.
Current consensus EPS estimate suggests the PER is **10.5**.

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

LAU LINDSAY AUSTRALIA LIMITED

Transportation & Logistics Overnight Price: $0.92

Wilsons rates ((LAU)) as Overweight (1)

Lindsay Australia's 1H25 trading update shows continued recovery in the horticulture market, with transport revenue up 3.5% and commercial volumes growing by 5% year-on-year despite weaker-than-expected sales updates from Coles and Woolworths, Wilsons observes.

Rural sales also rose by 3.5%, suggesting a positive outlook for future horticultural volumes.

The broker's earnings forecasts remain largely unchanged.

Target price lifts to $1.24 from $1.22. Overweight rating unchanged.

This report was published on November 11, 2024.

Target price is **$1.24** Current Price is **$0.92** Difference: **$0.32**
If **LAU** meets the Wilsons target it will return approximately **35%** (excluding dividends, fees and charges).
Current consensus price target is **$1.21**, suggesting upside of **30.5%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **4.50** cents and EPS of **10.90** cents.
At the last closing share price the estimated dividend yield is **4.89%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.44**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **10.6**, implying annual growth of **21.1%**.
Current consensus DPS estimate is **5.0**, implying a prospective dividend yield of **5.4%**.
Current consensus EPS estimate suggests the PER is **8.8**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **5.70** cents and EPS of **13.50** cents.
At the last closing share price the estimated dividend yield is **6.20%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **6.81**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **11.8**, implying annual growth of **11.3%**.
Current consensus DPS estimate is **5.3**, implying a prospective dividend yield of **5.7%**.
Current consensus EPS estimate suggests the PER is **7.9**.

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

MYX MAYNE PHARMA GROUP LIMITED

Pharmaceuticals & Biotech/Lifesciences Overnight Price: $5.30

Canaccord Genuity rates ((MYX)) as Buy (1)

Media speculation on the potential for acquisition of Mayne Pharma comes as no surprise to Canaccord Genuity.

The broker comments new management has proven its ability to execute across Women's Health and Dermatology, and has worked well to restore investor confidence in the longer-term sustainable growth story that was previously elusive.

The turnaround story "has legs", and Canaccord believes the stock still trades well below underlying value and at a material discount to. peers. This could potentially represent an attractive, accretive opportunity for a larger player in the specialty pharma space.

Buy and $6.25 target retained.

This report was published on November 11, 2024.

Target price is **$6.25** Current Price is **$5.30** Difference: **$0.95**
If **MYX** meets the Canaccord Genuity target it will return approximately **18%** (excluding dividends, fees and charges).

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

PXA PEXA GROUP LIMITED

Real Estate Overnight Price: $13.41

Goldman Sachs rates ((PXA)) as Buy (1)

Goldman Sachs notes Pexa Group's 1Q25 trading update showed strong transfer growth, up 14%, indicating a recovery in the property market and setting the stage for revenue to hit the high end of FY25 guidance.

The broker expects FY25 revenue growth of 13-19%, with an operating earnings (EBITDA) margin above 34%, although some challenges persist due to delayed testing for PEXA Pay in the UK, now anticipated for 3Q25.

The shift in PEXA Pay timelines impacts the broader UK roll-out, yet lender engagement remains positive, supporting the broker's optimism for future adoption.

Goldman Sachs lowers its target price to $16.00 from $16.20 and maintains a Buy rating.

This report was published on November 12, 2024.

Target price is **$16.00** Current Price is **$13.41** Difference: **$2.59**
If **PXA** meets the Goldman Sachs target it will return approximately **19%** (excluding dividends, fees and charges).
Current consensus price target is **$15.80**, suggesting upside of **17.1%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** dividend of **0.00** cents and EPS of **9.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **149.00**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **27.9**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **48.4**.

Forecast for FY26:

Goldman Sachs forecasts a full year **FY26** dividend of **0.00** cents and EPS of **26.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **51.58**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **39.8**, implying annual growth of **42.7%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **33.9**.

Market Sentiment: **0.7**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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