WEEK 14

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Friday, 4 April 2025

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CONTENTS

AUSTRALIA

BOOK REVIEWS

COMMODITIES

INTERNATIONAL

RUDI'S VIEWS

SMALL CAPS

TREASURE CHEST

WEEKLY REPORTS

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AUSTRALIA

The Market In Numbers - 29 Mar 2025

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

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

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

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

Australia & NZ

Index	29 Mar 2025	Week To Date	Month To Date (Mar)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
NZ50	12287.460	1.44%	-2.49%	-6.28%	-6.28%	4.86%
All Ordinaries	8195.50	0.45%	-2.48%	-2.67%	-2.67%	2.27%
S&P ASX 200	7982.00	0.64%	-2.33%	-2.17%	-2.17%	2.76%
S&P ASX 300	7919.70	0.61%	-2.27%	-2.21%	-2.21%	2.74%
Communication Services	1649.20	-0.16%	-2.42%	1.34%	1.34%	9.86%
Consumer Discretionary	3827.50	0.59%	-4.97%	-2.14%	-2.14%	9.00%
Consumer Staples	11784.10	-0.09%	-1.98%	0.13%	0.13%	-4.80%
Energy	8158.40	1.99%	-2.47%	-5.39%	-5.39%	-18.67%
Financials	8410.30	2.55%	-3.15%	-2.37%	-2.37%	9.84%
Health Care	41078.10	-0.91%	-3.92%	-8.48%	-8.48%	-7.18%
Industrials	7860.20	0.45%	-1.70%	2.80%	2.80%	15.40%
Info Technology	2288.60	-3.30%	-8.59%	-16.50%	-16.50%	-2.26%
Materials	16529.80	0.04%	1.78%	2.51%	2.51%	-2.06%
Real Estate	3562.00	-2.39%	-2.91%	-5.30%	-5.30%	-0.03%
Utilities	9167.40	0.43%	1.21%	1.49%	1.49%	-1.27%
A-REITs	1627.20	-2.44%	-2.93%	-5.31%	-5.31%	0.18%
All Technology Index	3392.10	-3.46%	-8.53%	-10.86%	-10.86%	8.10%
Banks	3524.50	2.99%	-2.47%	-2.27%	-2.27%	10.31%
Gold Index	11129.30	3.76%	13.77%	32.12%	32.12%	51.27%
Metals & Mining	5473.20	0.92%	3.57%	4.14%	4.14%	-1.39%

The World

Index	29 Mar 2025	Week To Date	Month To Date (Mar)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
FTSE100	8658.85	0.14%	-1.71%	5.94%	5.94%	6.06%
DAX30	22461.52	-1.88%	-0.40%	12.82%	12.82%	23.18%
Hang Seng	23426.60	-1.11%	2.12%	16.78%	16.78%	32.21%
Nikkei 225	37120.33	-1.48%	-0.09%	-6.95%	-6.95%	-6.22%
DJIA	41583.90	-0.96%	-5.15%	-2.26%	-2.26%	6.30%
S&P500	5580.94	-1.53%	-6.27%	-5.11%	-5.11%	2.21%
Nasdaq Comp	17322.99	-2.59%	-8.09%	-10.29%	-10.29%	-2.31%

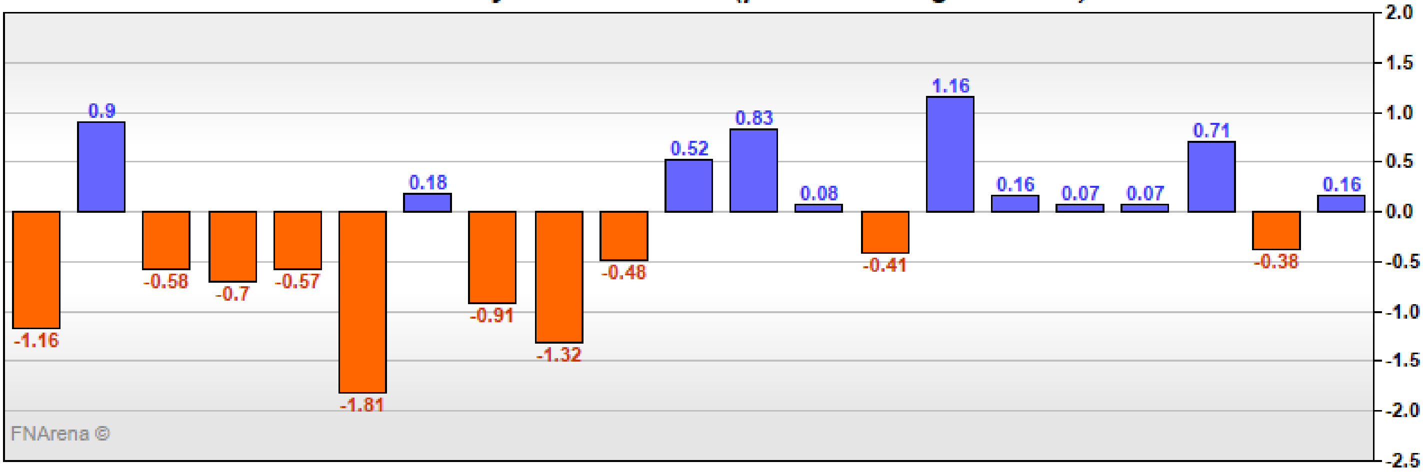
Metals & Minerals

Index	29 Mar 2025	Week To Date	Month To Date (Mar)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
Gold (oz)	3098.66	1.49%	7.39%	17.97%	17.97%	32.54%
Silver (oz)	35.32	3.59%	12.15%	16.87%	16.87%	20.76%
Copper (lb)	5.1173	0.15%	11.21%	24.92%	24.92%	18.09%
Aluminium (lb)	1.1529	-3.57%	-2.82%	0.86%	0.86%	2.53%
Nickel (lb)	7.1843	-2.33%	3.76%	0.55%	0.55%	-7.64%
Zinc (lb)	1.3042	-1.09%	2.96%	-3.49%	-3.49%	-1.65%
Uranium (lb) weekly	64.10	1.75%	-1.76%	-10.97%	-10.97%	-23.00%
Iron Ore (t)	102.36	0.21%	-4.40%	-1.43%	-1.43%	-3.90%

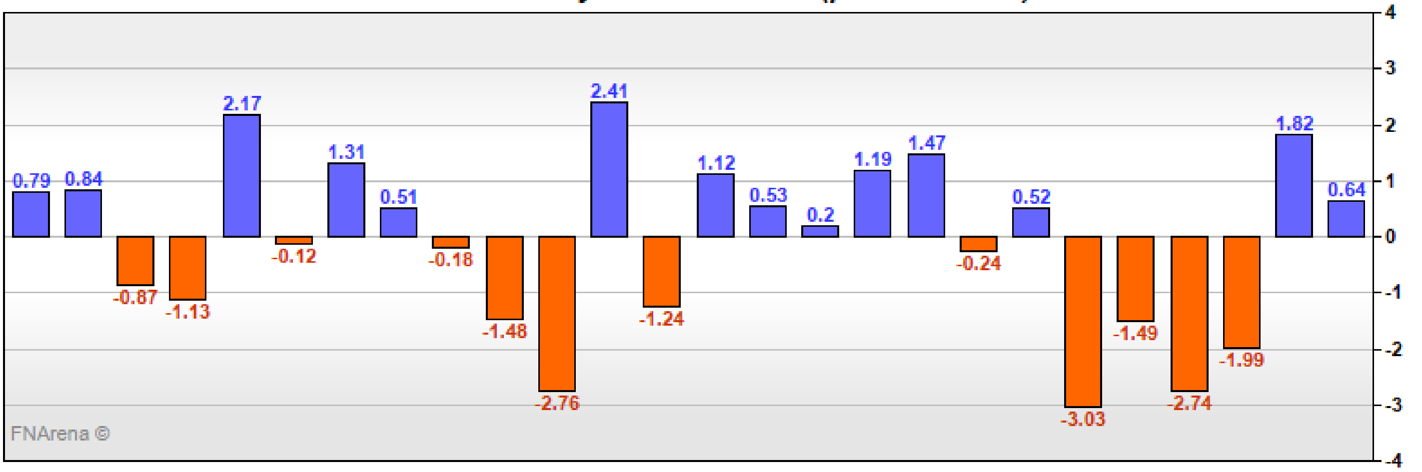
Energy

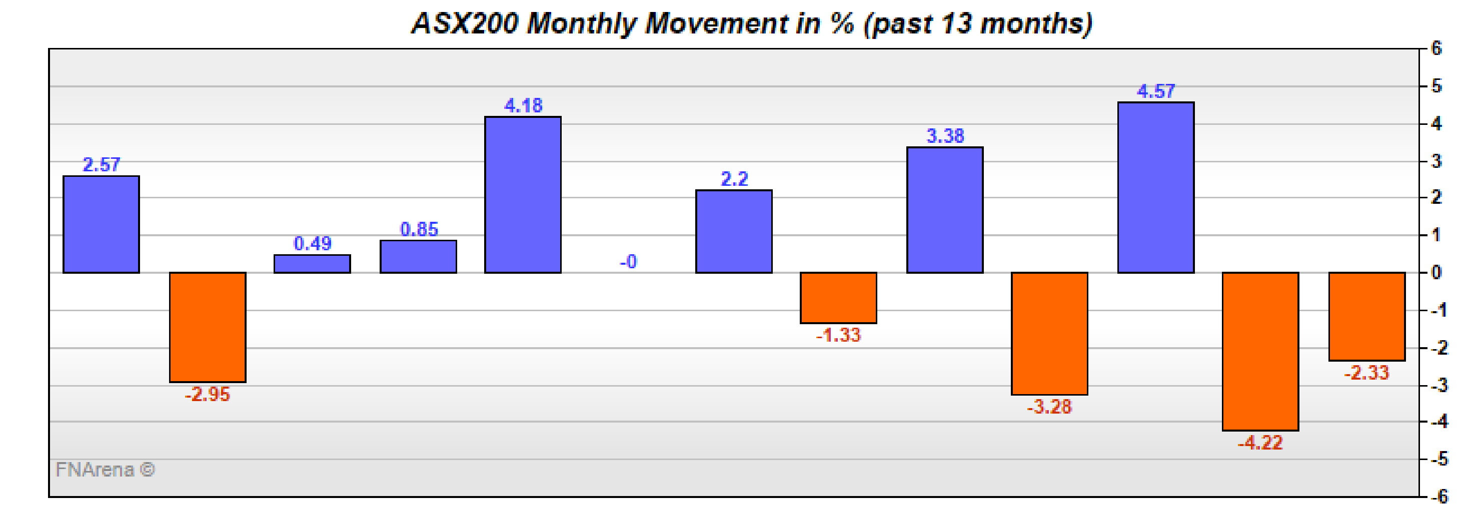
Index	29 Mar 2025	Week To Date	Month To Date (Mar)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
West Texas Crude	69.93	2.42%	-0.41%	0.65%	0.65%	-14.57%
Brent Crude	73.35	1.61%	-0.01%	1.09%	1.09%	-14.15%

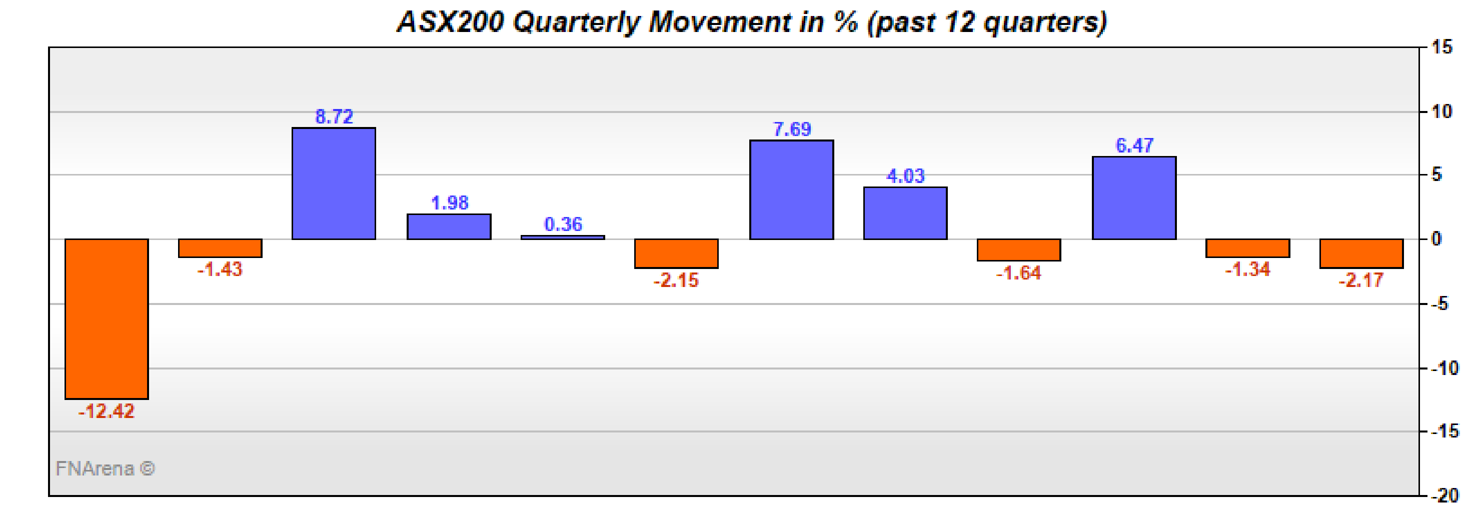
ASX200 Daily Movement in % (past 21 trading sessions)



ASX200 Weekly Movement in % (past 26 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

Bunnings Seeks To Expand Its Dominance

Wesfarmers' flagship Bunnings business plans to expand into new categories, target new customers, update its in-store technology and rationalise its supply chain.

-Bunnings outlines positive growth strategy
-New categories, digital update, supply chain improvement
-Analysts confident in growth capacity
-Wesfarmers' overall valuation remains a point of public debate

By Greg Peel

Conglomerate Wesfarmers' ((WES)) flagship "hardwarehouse" business Bunnings is already as good as ubiquitous in Australia and New Zealand, considered the obvious go-to across a range of DIY projects for consumers and as a supplier to trade. But that's not enough. Bunnings does not dominate across all available categories.

Last week Bunnings hosted an investor day and site tour at which the company's strategy was clear and unchanged, Jarden notes, summarising the strategy as: leverage scale and win share by having the best price and biggest range across the $110bn-plus A&NZ home improvement market.

There was no trading update, and little in the way of new financial information, albeit management did cite a material opportunity to lift sales density (sales per square metre of floor space), noting US peers generate 2.1x the sales productivity of Bunnings.

As expected, no financial targets were provided, UBS notes, yet Bunnings provided multiple drivers of future sales and earnings growth across (1) category (new categories and share gains in existing categories); (2) enabled by growing and optimising space; (3) commercial growth (ranging, experience, fulfilment and loyalty); (4) omni-channel and retail media growth enabled by data and digital capabilities; and (5) productivity, supported by technology.

Category Growth

Bunnings has already been focused on expanding its product categories, Ord Minnett points out, particularly since the pandemic. The cleaning category, valued at $2.8bn, has seen significant success, especially among younger demographics and renters.

Additionally, Bunnings is rolling out 400 automotive products and trialling energy and renewables, including electric vehicle charging stations. The smart home and security category is also growing, with only 30% of households currently owning security cameras or electronic doorbells.

The aged care segment is expanding in response to the ageing population. These expansions are facilitated by reducing floor space for less profitable categories, which have been moved online or to subsidiary Beaumont Tiles.

Bunnings' sales density has grown some 3.7x faster than space growth, Morgan Stanley reports, with FY15-24 sales growth up 98.9% versus space growth of 26.8% over the same period. Management believes it can increase store sales density (which is still lower than global peers) by continued category expansion, better range localisation, and growth in commercial and e-commerce.

Launched in 2023, Bunnings' pet category range has grown to over 800 products across 300 stores, with a strong focus on value through unique bulk pack sizes. Success in the category is resulting in increased customer frequency, as well as attracting new customers, resulting in strong sales growth year on year. The category is tracking towards becoming a "leadership" category, management suggested, as is the case for tools and paints.

Bunnings is targeting a national auto range roll-out, with the category expected to be in all stores by Easter. Electronic pricing tags are expected to be utilised across the category to ensure competitive pricing is maintained (against the likes of Supercheap Auto ((SUL)), brokers assume). Bunnings is not aiming to be the one-stop-shop for the auto category, but sees scope for further category expansion.

As noted, the introduction of a cleaning category has proven a hit with consumers, to the extent analysts recently included Bunnings along with Aldi as providing competition to the supermarket duopoly.

Matching products to the lowest price in supermarkets (on per unit/weight cost basis), will be assisted by electronic shelf labelling. Cleaning now represents six of the top 25 products that are cross-shopped across stores, Morgan Stanley notes.

Strong Fundamentals

The economy is providing Bunnings with strong fundamentals to exploit, UBS suggests: population growth; housing alterations, additions, repairs and maintenance; lifestyle and demographic trends; innovation and technology, and Bunnings' share is low (17%) in a large, growing total addressable market.

Bunnings' range is thus evolving to meet demand in new categories (smart home, automotive, pets, rural, moving and storage, renewable energy, EV charging, assisted living) and gaining in low-share categories (kitchens, plumbing, electrical and lighting).

The company's floor space growth continues (1-2% per annum), with FY19-24 revenue growth (7.6% pa) above space growth (2%). Space has been optimised by curated and localised ranges, a focus on core categories (eg, new tool shop format) and reallocation of space (eg, window furnishings moved online to make room for new cleaning ranges).

Ord Minnett notes 1-2% space growth per annum over the next five years is a far cry from management's earlier 10% target, but this is due to challenges in locating and executing new sites. New stores continue to perform strongly nevertheless, as evidenced by significant sales growth at the recently opened Marsden Park site in Sydney.

Commercial (38% sales) has a diverse customer base across builders, tradies and organisations (education, healthcare, aged care) providing resilience, while an improving offering (commercial ranges, sales and service, digital, fulfilment, personalisation and loyalty) and formats (frame and truss, Beaumont Tiles and Tool Kit Depot) positions Bunnings well, UBS believes, for improved market conditions.

Hammer Time

Bunnings recently launched its retail media platform, "Hammer Media", and will target profitable growth in the segment over time.

While Macquarie believes the opportunity relative to the size of the business may be below other retail categories which have higher frequency of purchase (eg, supermarkets), earnings from the division will be coming off a base of zero.

The company is cautious about in-store digital promotions but plans to introduce in-store radio media and expand its marketplace to include services.

Supply Chain

Bunnings will be focused on being able to provide an attractive proposition to its suppliers, and it does have the benefit of limited competition at scale in categories such as tools and hardware.

Bunnings will seek to improve productivity by simplifying its supply chain, which Macquarie sees as a material opportunity given the complexity in current store replenishment. At present, suppliers send stock to several supplier depots, which then go via several, under-utilised trucks to the store, highlighting this potential.

No Arguments, Other Than Valuation

Brokers are unequivocal in their confidence in Bunnings' capacity to grow earnings via the strategies outlined at the investor day.

Goldman Sachs walked away from the investor day feeling positive that Bunnings will continue to deliver in line with the broker's Buy thesis, on continued market share gain via active category and range management to drive sales and gross profit productivity higher.

The company continued to emphasise digital and technology and with now more than six million contactable DIY and Commercial consumers, Goldman continues to have confidence that Bunnings will have further opportunities to leverage ancillary revenues including retail media, marketplace, and further optimise cost-to-serve.

The problem is Wesfarmers is more than just Bunnings. Amongst brokers monitored daily or less frequently by FNArena, Goldman Sachs is on its own with a Buy rating (target $80.40).

Management is executing well, Jarden suggests, has a clear plan, and near-term earnings risk (beyond Wesfarmers Chemical, Engineering & Fertiliser) looks balanced, with weaker trade offset by share gains in the Kmart and Bunnings consumer businesses.

Yet, Jarden retains a relative Underweight on valuation grounds, given Bunnings is now trading at a 26% implied premium to market with few immediate catalysts apparent and a risk of weaker retail spending.

While maintaining Underweight (target $67.50), Jarden continues to believe Wesfarmers could become the leading customer-facing business in Australia, as Walmart is in the US, across health, consumables, goods and energy. The broker nevertheless sees financial services as the missing link at present.

In Jarden's view, this would provide a material opportunity to grow share of customer wallet, while at the same time monetising data as Discovery, UnitedHealth and Amazon have done offshore. Such ambition would take time, cost money and require coordination across the pillars.

Brokers monitored daily by FNArena were left excited by Bunnings' investor day, but given no trading update or financial targets were provided, have not changed their earnings forecasts, recommendations or price targets at this stage, other than Macquarie, which lowered its target by -7% on updated peer PE multiples. The full Wesfarmers conglomerate will host its own investor day in May, after which brokers expect to adjust their forecasts.

Morgan Stanley retains an Underweight rating (target $66.70), Cit sticks with Sell ($61.00) and Ord Minnett with Lighten ($69.00).

An elevated valuation may have encouraged a Sell rating from UBS, but the broker retains Neutral ($78.00) due to the improving Bunnings growth outlook, Kmart resilience and strength and rising return on capital, which UBS believes justifies the higher PE multiple versus history.

Macquarie acknowledges the strength of the Bunnings segment, including long-term opportunities, however, with Wesfarmers' PE close to one standard deviation above the long-run average, Macquarie sees these as being largely reflected in the current share price and retains a Neutral rating ($75.00).

Morgans has yet to respond to the Bunnings investor day, but had set a Hold rating and $72.05 target post Wesfarmers' February result release.

That leaves three Hold or equivalent ratings and three Sells among brokers monitored daily by FNArena covering Wesfarmers. The consensus target is $70.29, which is down from $71.29 post first half result due to Macquarie's downgrade.

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

AUSTRALIA

WiseTech Global, Re-Building Its Reputation

Post a tumultuous period, WiseTech Global is seeking to re-assert its credentials as a global growth company.

-Wisetech Global rebuilding market trust after governance turmoil
-CargoWise growth outlook remains strong despite tariff threats
-Analysts see upside for WiseTech amid digital logistics expansion

By Danielle Ecuyer

The ups and downs of the founder genius

Greatness comes in many forms. In the case of founder-led companies that have risen to great heights, a misplaced step in the eyes of shareholders can be quite punishing for the share price.

Look no further than Tesla, which has fallen -36% year-to-date on the back of very poor sales across Europe and in markets like Australia, in what some describe as retaliation against founder and CEO Elon Musk's involvement in US politics, in addition to rising competition from Chinese EV companies like BYD.

Luckily for WiseTech Global ((WTC)) shareholders, or those looking for possibly a good entry point, the management tussle between Richard White and the Board has entered the rebuilding phase, post what some large funds considered multiple corporate governance failures.

The issues around White's personal life and subsequent governance problems coincided with two consecutive earnings downgrades by the company, along with delays in product launches, which underwrote a sharp sell-off in the share price over the fourth quarter of 2024.

From over $140, the share price has retraced to around $80, or down by circa -43%. Arguably, the rally to $140 was overdone as the stock got caught up in the momentum trade around technology stocks at the time.

Post the resignation of several board members, White who resigned as CEO in October 2024 has been re-instated as Executive Chair in late February.

Moving forward on governance

Two new independent non-executive directors have been appointed: Chris Charlton, who was at UPS for twenty-six years, and Andrew Harrison, who was WiseTech's Chair until March 2024.

RBC Capital, who has just hosted a Canadian investor roadshow, views the appointment of two non-executive directors as a **"step in the right direction"** while the Board considers internal and external candidates to be appointed as the next CEO. No timeline has been confirmed. The CFO role is likely to be filled by an internal candidate.

The twists and turns around governance and succession planning resulted in the divestment of the entire shareholding in the company, some $580m worth, by AustralianSuper. HESTA is also reported as having written to the Board to seek out the substantive release of both governance reviews into the company and White.

Since the appointment of Harrison, HESTA's Chief Executive Debby Blakely stated:

"Due to the previous tenure of the new lead independent director alongside the long-term relationships to the company of other existing board members we are seeking clarity on how the company is prioritising strengthening board independence."

"We are continuing to engage with WiseTech on these matters in the best financial interests of our members."

Goldman Sachs highlighted, post the company's first-half results, that WiseTech needs to re-establish and rebuild the market's trust, and proposed several possible measures.

These include the release of the full report from the Board's recent review; offering meaningful key performance indicators, revenue drivers, and addressable markets to provide a framework around potential market opportunities; as well as communicating with the market regularly and in a timely manner.

RBC Capital also points to the top 50 institutional shareholders who were surveyed with the following findings:

-Investors expect commitment to transparency and the release of the findings of the Board review as a step to rebuilding market confidence.

-Support around White's ongoing involvement and commitment to WiseTech, but the need for development around concrete succession planning for a replacement candidate with a robust software and development background.

-Improved Board governance and independence, as well as communication between the Board and management.

Management also pointed to staff turnover remaining "stable". Over 90% of the staff own shares in WiseTech. Nor has there been any change in customer usage among existing customers.

Rome wasn't rebuilt in a day and nor will WiseTech's reputation. However, drawing a simplistic line of comparison, Tesla shareholders seemingly face more hurdles including reputational brand damage, multiple compression on growth stock valuations, increased competition, and falling sales.

WiseTech has a governance and trust problem, with product launch delays self inflicted rather than structural growth issues of a more systemic nature.

Cleaning the slate for a re-boot

With White back at the helm and on the earnings call, WiseTech Global sought to draw a line under the sad saga from the prior few months and, overall, the first-half results came in marginally above consensus estimates.

The FNArena Corporate Results Monitor summed up the financials as follows:

"With uncertain expectations around Wisetech Global's 1H25 results due to multiple downgrades in the run-up and governance issues surrounding founder Richard White, there seems to have been a sigh of relief from analysts. Underlying net profit after tax rose 34% due to revenue growth of 21% from CargoWise. An EBITDA margin of 50% was higher than consensus expectations. Disappointingly, management lowered FY25 guidance due to new product launch delays, with FY25 revenue growth guidance at the lower end of the previous range. Macquarie is continuing to look for more quantifiable information, noting product quality is more important than new product delays. Morgan Stanley believes the results were 'clean' and commends the signing of another large customer, Logisteed."

Citi has since engaged with several of WiseTech's customers, partners, and competitors at a major logistics event, TPM25.

The analyst came away optimistic about the medium-term outlook due to growth in digitalisation and increased tech spending across the logistics industry, including CargoWise's focus on new products to address logistics pressure points and inefficiencies.

WiseTech possesses a robust customer pipeline with substantial customer win opportunities.

Management offered a caveat around FY25 guidance, noting any changes in industrial production and/or global trade favourable and/or unfavourable could have a material impact on guidance.

Market Opportunities in Numbers

RBC Capital offers insight into the WiseTech moat, stressing the company has a 20-year-plus head start when it comes to product capabilities and investment.

The logistics function is often handled in-house, which WiseTech competes against. These systems typically allow for quoting, engaging carriers, sending and tracking freight, and billing.

In contrast, CargoWise offers superior functionality across customs clearance, warehousing, and international e-commerce.

Third-party logistics providers are increasingly seeking platforms that can deliver real-time tracking, automation, and advanced data analytics with e-commerce bringing higher demand for complex international supply chains and same-day/last-mile delivery.

WiseTech asserts it has 14 of the top 25 global freight forwarders as customers and is targeting to retain existing customers while increasing usage. RBC notes the company's top 300 customers generated around 70% of CargoWise's revenue in FY24.

With an estimated total addressable global logistics software market at US$26.4bn by 2026, RBC asserts the company's growth runway remains robust through onboarding large global freight forwarders and expanding offerings into warehousing, landside logistics, customs, and compliance.

Citi is also expecting further global tailwinds in FY25, notably from Asian forwarders. Following conversations with industry contacts, Citi points to the possible acquisition of DB Schenker by DSV, a Danish logistics company and large customer, and the integration of Schenker onto CargoWise.

CargoWise represents around 96% of the company's recurring revenue, with a churn rate of less than 1%. The product generates the majority of WiseTech's revenue. Most sales are achieved through a 'seat plus transaction' agreement meaning charges are applied per user and per transaction.

Luckily, WiseTech management has the experience of President Trump's first-term tariff precedent as a benchmark for any likely impacts from the latest tariff impositions.

Most importantly, from a historical perspective, global trade volumes have had a limited impact on the company's revenue, with around 1%-3% swings in sales growth tied to freight volumes.

RBC estimates a sales effect of -3% decline in FY26 due to US tariff changes flowing through the global freight market.

What Do the Analysts Really Think?

RBC is the latest to assess the changes taking place at WiseTech, upgrading the shares to Outperform after considering the latest results. RBC has applied a governance discount of -10% to its valuation but continues to see strong growth prospects, and believes the stock is trading at a fair valuation post-selloff. Target price: $110.

Across the FNArena daily monitored brokers, a consensus target price of $131.90 stands, with seven Buy or equivalent ratings, including an upgrade at the half-year results from Ord Minnett.

Goldman Sachs is Buy-rated with a $128 target. The only Hold-equivalent rating comes from Jarden with a $100 target price post earnings.

Company Summary

WiseTech Global is an Australian technology company specialising in cloud-based software solutions for the logistics industry.

Its flagship product, CargoWise, enables logistics service providers to execute complex transactions and manage operations across supply chains. It was founded in 1994 by Richard White and Maree Isaacs and listed on the ASX in 2016.

The stock is part of the ASX50 since June last year.

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AUSTRALIA

March In Review: Gold Shines As Tech Suffers

Through volatile day-to-day trading sessions, March proved yet another tough exercise to bear for the local share market.

-Ahead of US import tariffs, Aussie equities followed US equities down in March
-Gold and utilities functioned as safe havens
-Stocks on high PE multiples hardest hit
-Macquarie believes market sentiment has a lot further to fall
-Seasonal pattern offers hope for April bounce

By Rudi Filapek-Vandyck, Editor

March proved kinder for Aussie equities than February, but then losing -4.22% ex-dividends over 28 days is not something that comes along very often outside of the world facing a serious crisis.

This year's convergence of negative factors includes too much optimism (both relating to Trump and AI) in combination with deflating sentiment towards the next industrial revolution and the realisation that US import tariffs will weigh on global economic growth prospects, or worse.

The one stand-out positive for Aussie investors is the Australian market is finally outperforming major indices in the US. The decade past has mostly offered the opposite trend. The fact it happened by weakening less probably won't make too many investor hearts beat any faster.

The flipside of that observation is the Australian share market noticeably underperformed markets in Latin America, throughout Asia and in Europe.

March volatility proved mostly absent in bond markets. The US ten year yield moved to 4.24% at month's end from 4.23% at the beginning and the ten year in Australia moved to 4.38% from 4.30%.

The AUD oscillated mostly around 63c against the USD, reaching a high of US63.85c on March 17, but ultimately broke down and fell as low as US62.23c. By month's end, the Aussie was almost back at US63c.

<u>Year-to-date Return Now Negative</u>

Through volatile day-to-day trading sessions, March proved yet another tough exercise to bear for the local share market. In the end, the ASX200 lost -3.4% (total return, thus including dividends). A second negative month means year-to-date total return is now in negative territory to the tune of -2.8% (as at March 31st).

When measured from the all-time record high, the Australian market slumped by -8.3% while the S&P500 weakened by -8.7% suggesting Australia pretty much followed the US trend like a loyal twin (no divergence there, irrespective of obvious differences).

For the financial year that started in July last year, the local numbers look slightly better than for the S&P500 and the Nasdaq.

Who would've thunk it? In particular after the election of Donald J Trump in November?

Losses in February and March have turned Q1 2025 into the second consecutive negative quarter for the ASX200, following on from an already deflating end to calendar year 2024.

The last time the local index suffered two negative quarters in a row was back in late 2022 when resetting bond yields continued to wreak havoc across the globe and investors were preparing for the inevitable US economic recession that never arrived.

<u>Hunting For Havens</u>

Given high levels of macro-uncertainty and day-to-day market volatility, it should not surprise momentum in March stuck firmly with cheaper priced and defensive havens.

The local index for gold stocks shone through rising 13.77%. Utilities clocked off with a positive return of 1.21% ex-dividends.

In between sits the Materials sector, up 1.78%, firmly carried by those outperforming gold producers, but there was further support from inflation-protection seeking strategies, as well as from the fact those American import tariffs provided short-term support for the likes of copper, nickel and zinc (with international cargoes hurrying to get as much material onto US soil before tariffs kick in).

Other areas of support for commodities include ongoing stimulus from China plus a sharp increase in defense spending in Europe. Macquarie points out the fact **Value as a factor strongly outperformed** Growth in March can be largely attributed to Materials, and the gold sector specifically.

The second best performing Factor was Dividend Yield. Again, hardly a surprise within the context. Large Caps beat Small and Mid-Caps. Momentum proved the second worst Factor, with Quality on third last position.

There was no such joy for iron ore, for coal (both), or for uranium, while traders in energy markets have seen all colours of the rainbow.

For the financial year running (post July 1) the energy sector remains the worst performing on the Australian share market, as investor optimism takes hit after hit from either the US administration's desire to see a permanently lower oil price or by growing market concerns about the economic outlook post US tariffs.

When measured over the past twelve months, the Materials sector is still the second worst performer on the ASX, only beating Energy. Financials as a sector retreated -3.9% in March, with the banks limiting short-term weakness to -2.9%. Diversified Financials, of which many are leveraged to sentiment and direction of markets, weakened by -11.3%.

Insurers proved the more steady havens in March. Macquarie Group ((MQG)) and CommBank ((CBA)) were among the largest contributors to the ASX200's negative performance for the month.

Growth vs Multiples

The hardest hit throughout March, as they were in February, were stocks trading on higher PE multiples, also known as last year's Winners when Tech, Growth, AI and Data Centres functioned as the popular buzz words for momentum seeking investors.

In terms of average PE multiples, the local tech sector continues to stand head-and-shoulders above the rest of the market (average PE is 77x) but this combines with the observation this same sector continues to represent the highest growth forecasts for the year ahead.

The only sector with negative growth forecasts for the twelve months ahead is, yes, indeed, the Energy sector.

Historically, the seasonal pattern is for March to usually put in a negative performance in Australia, while April tends to be the third best if history can be investors' guide in 2025. Traditionally, only July and November tend to generate a higher return than April, on average.

The seasonal pattern for the S&P500 looks similar, with March usually not looking flash (though positive on average) and with November beating July, and April sharing third spot with October.

This year's slaughterfest in the US might therefore function as a promising omen for your died-in-the-wool optimists in markets. April, it has to be said, had started off in a positive manner, until Trump's Rose Garden event on self-declared Liberation Day arrived earlier today.

Lists showcasing the best performances in March have gold stocks including Newmont Corp ((NEM)), Northern Star ((NST)), Evolution Mining ((EVN)) and Catalyst Mining ((CYL)) prominently on top.

Others that performed well include APA Group ((APA)), Rio Tinto ((RIO)), QBE Insurance ((QBE)), Mineral Resources ((MIN)) --yes, yes!-- and Orica ((ORI)).

On the negative side, Paladin Energy ((PDN)), Coronado Global Resources ((CRN)), Opthea ((OPT)), Block ((XYZ)), James Hardie ((JHX)), Pro Medicus ((PME)), Car Group ((CAR)), Goodman Group ((GMG)) and WiseTech

Global ((WTC)) delivered some of the worst performances for the month.

Underlying Stats & Data

Weaker share prices have pulled down the average PE ratio for the ASX200 to below 17x, which still looks high given the ten-year average fluctuates around 16x these days. More weakness in April might see both averages converge shortly.

At the same time, the Australian share market is also facing lower earnings forecasts, which, paradoxically, pushes up the average PE ratio while share prices are falling.

Earnings forecasts are receiving more reductions than upgrades (net negative), with the Australian market seemingly destined to suffer a third successive year of net negative EPS growth.

One reason for optimism could relate to the fact consensus is forecasting a positive growth year for FY26, but how much impact should we expect from import tariffs? In Australia, international industrials remain responsible for most of the growth on offer.

On number's crunched by analysts at Morgan Stanley, 46% of ASX200 stocks are now trading below their 200 moving average compared with only 19% by late March last year. Also, the local healthcare sector is now trading at a -12% discount to the sector's 10 year average, while Australian bank shares remain 28% above their 10 year average.

Macquarie's proprietary FOMO meter, designed to measure investor sentiment, has now descended into negative territory at -0.19. Macquarie strategists see this measure weakening further to below -1.

When this happens, it'll function as a Buy signal, is the suggestion made.

For more details and insights into March and preceding history, see the tables below.

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

Company	Change	Company	Change
EVN - EVOLUTION MINING LIMITED	16.75	PDN - PALADIN ENERGY LIMITED	-25.73
NEM - NEWMONT CORPORATION REGISTERED	15.38	JHX - JAMES HARDIE INDUSTRIES PLC	-23.97
APA - APA GROUP	7.05	PME - PRO MEDICUS LIMITED	-21.11
NST - NORTHERN STAR RESOURCES LIMITED	6.76	NXT - NEXTDC LIMITED	-15.22
MIN - MINERAL RESOURCES LIMITED	5.55	CAR - CAR GROUP LIMITED	-15.12

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

Company	Change	Company	Change
SPR - SPARTAN RESOURCES LIMITED	44.66	CU6 - CLARITY PHARMACEUTICALS LIMITED	-40.73
WAF - WEST AFRICAN RESOURCES LIMITED	33.33	HLI - HELIA GROUP LIMITED	-34.70
RRL - REGIS RESOURCES LIMITED	22.50	ZIP - ZIP CO LIMITED	-34.55
GOR - GOLD ROAD RESOURCES LIMITED	18.93	HMC - HMC CAPITAL LIMITED	-31.84
EVN - EVOLUTION MINING LIMITED	16.75	DGT - DIGICO INFRASTRUCTURE REIT	-28.91

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

Company	Change	Company	Change
SPR - SPARTAN RESOURCES LIMITED	44.66	CRN - CORONADO GLOBAL RESOURCES INC	-41.07
VUL - VULCAN ENERGY RESOURCES LIMITED	36.93	CU6 - CLARITY PHARMACEUTICALS LIMITED	-40.73
WAF - WEST AFRICAN RESOURCES LIMITED	33.33	OPT - OPTHEA LIMITED	-37.50
RSG - RESOLUTE MINING LIMITED	25.68	HLI - HELIA GROUP LIMITED	-34.70
RRL - REGIS RESOURCES LIMITED	22.50	ZIP - ZIP CO LIMITED	-34.55

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

Company	Change	Company	Change
NVX - NOVONIX LIMITED	7.14	4DX - 4DMEDICAL LIMITED	-29.87
RUL - RPMGLOBAL HOLDINGS LIMITED	4.40	AD8 - AUDINATE GROUP LIMITED	-26.60
CDA - CODAN LIMITED	2.36	APX - APPEN LIMITED	-21.46
EIQ - ECHOIQ LIMITED	1.85	FND - FINDI LIMITED	-21.26
IRE - IRESS LIMITED	1.63	PME - PRO MEDICUS LIMITED	-21.11

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

Australia & NZ

Index	31 Mar 2025	Month Of Mar	Quarter To Date (Jan-Mar)	Year To Date (2025)
NZ50	12270.000	-2.63%	-6.41%	-6.41%
All Ordinaries	8053.20	-4.17%	-4.36%	-4.36%
S&P ASX 200	7843.40	-4.03%	-3.87%	-3.87%
S&P ASX 300	7782.10	-3.97%	-3.91%	-3.91%
Communication Services	1624.10	-3.91%	-0.20%	-0.20%
Consumer Discretionary	3768.70	-6.43%	-3.64%	-3.64%
Consumer Staples	11660.20	-3.01%	-0.93%	-0.93%
Energy	7939.70	-5.08%	-7.92%	-7.92%
Financials	8323.70	-4.15%	-3.37%	-3.37%
Health Care	40528.70	-5.20%	-9.71%	-9.71%
Industrials	7759.90	-2.95%	1.48%	1.48%
Info Technology	2260.00	-9.74%	-17.55%	-17.55%
Materials	15975.70	-1.63%	-0.93%	-0.93%
Real Estate	3485.30	-5.00%	-7.34%	-7.34%
Utilities	9058.90	0.01%	0.29%	0.29%
A-REITs	1592.90	-4.98%	-7.30%	-7.30%
All Technology Index	3318.90	-10.50%	-12.78%	-12.78%
Banks	3509.10	-2.89%	-2.70%	-2.70%
Gold Index	10981.50	12.26%	30.36%	30.36%
Metals & Mining	5278.10	-0.12%	0.43%	0.43%

The World

Index	31 Mar 2025	Month Of Mar	Quarter To Date (Jan-Mar)	Year To Date (2025)
FTSE100	8582.81	-2.58%	5.01%	5.01%
DAX30	22163.49	-1.72%	11.32%	11.32%
Hang Seng	23119.58	0.78%	15.25%	15.25%
Nikkei 225	35617.56	-4.14%	-10.72%	-10.72%
DJIA	42001.76	-4.20%	-1.28%	-1.28%
S&P500	5611.85	-5.75%	-4.59%	-4.59%
Nasdaq Comp	17299.29	-8.21%	-10.42%	-10.42%

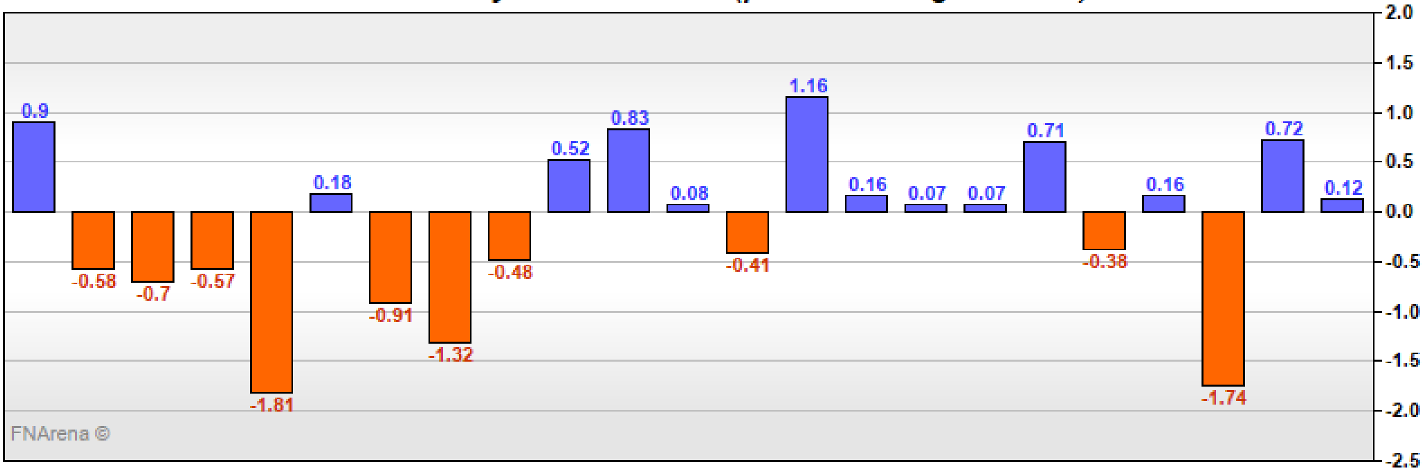
Metals & Minerals

Index	31 Mar 2025	Month Of Mar	Quarter To Date (Jan-Mar)	Year To Date (2025)
Gold (oz)	3126.80	8.37%	19.04%	19.04%
Silver (oz)	34.98	11.07%	15.75%	15.75%
Copper (lb)	5.1525	11.97%	25.78%	25.78%
Aluminium (lb)	1.1480	-3.23%	0.43%	0.43%
Nickel (lb)	7.2727	5.04%	1.79%	1.79%
Zinc (lb)	1.2851	1.45%	-4.90%	-4.90%
Uranium (lb) weekly	64.00	-1.92%	-11.11%	-11.11%
Iron Ore (t)	103.77	-3.08%	-0.07%	-0.07%

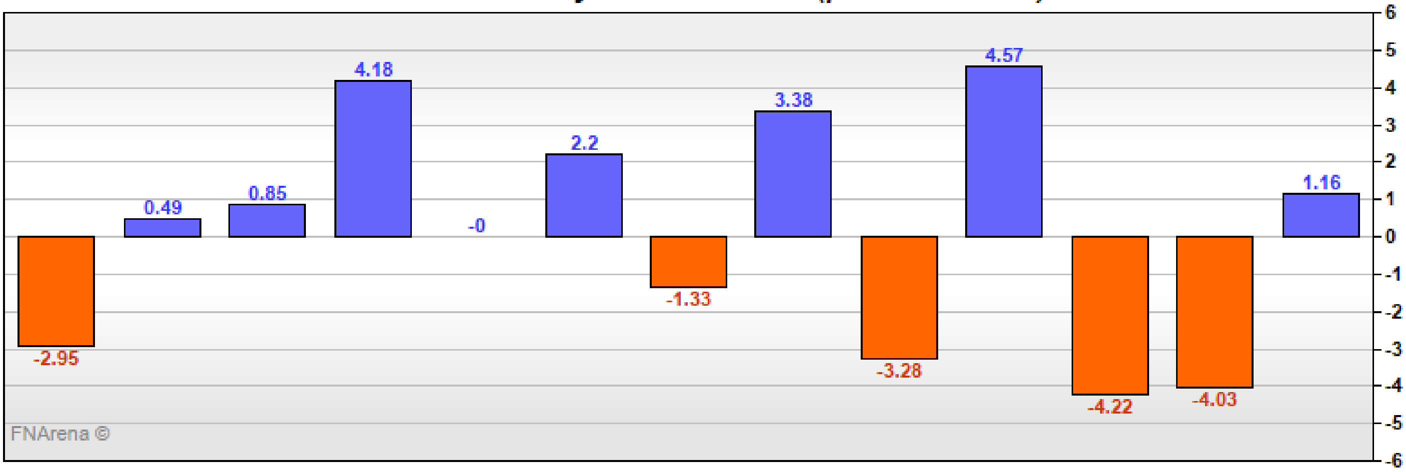
Energy

Index	31 Mar 2025	Month Of Mar	Quarter To Date (Jan-Mar)	Year To Date (2025)
West Texas Crude	69.36	-1.22%	-0.17%	-0.17%
Brent Crude	72.76	-0.82%	0.28%	0.28%

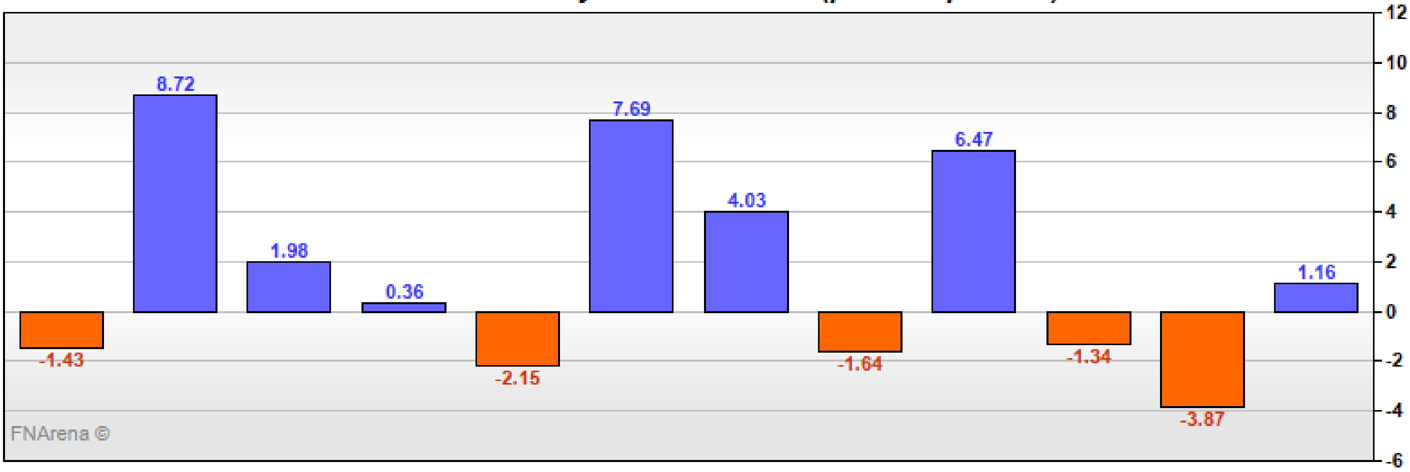
ASX200 Daily Movement in % (past 23 trading sessions)



ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



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

BOOK REVIEWS

Money Habits That Set Successful Investors Apart

Research suggests over 40% of our daily actions are driven by unconscious habits running on autopilot without intentional design.

The same applies to wealth-building. A powerful (and sometimes confronting) question to ask yourself is: Where is your financial autopilot taking you? If it's not where you want to go, it's time for a habit reset. Here are 11 habits of millionaire investors to help fast-track your success

Habit #1 They Challenge Their Comfort Zones

It feels safe in your comfort zone. The problem? Not much changes. Growth happens at the edges. But that doesn't mean it has to be scary. Remember, success is a marathon, not a sprint, so focus on consistent, strategic baby steps toward your goals.

Habit #2 They Break the Rules

We have all been conditioned to live by a certain set of rules, rules that tell you what is and is not possible for you and how you should behave. Many of these rules won't serve you in this next phase of your life and it is time to start breaking free from these constraints. Millionaire investors don't follow the norm, they redefine it.

Habit #3 They Take Total Responsibility

Take full responsibility for where you are and where you're going. Success comes with challenges, your response to them is what matters. Millionaire investors own their choices, learn from setbacks, and stay focused on the next move.

Habit #4 They Focus on Their Strengths

Millionaire investors play to their strengths and build teams to cover weaknesses. Aligning your wealth strategy with your strengths creates flow, not struggle. This mindset extends beyond investing, positively impacting every area of life while making it a heck of a lot more fun!

Habit #5 They Have Daily Rituals for Success

Every successful person I know follows a daily routine designed for success. These rituals, whether exercise, meditation, time with loved ones, reading, goal-setting, aren't random. They're refined over time or modelled after others. Keep them simple, and watch the ripple effect on your life.

Habit #6 They Model Success

There are two main ways to learn in life: trial and error or modelling success. The first can be costly in time, money, and stress, especially in investing. The smarter way? Study those who've succeeded and copy their methods. Learning what works (and what doesn't) through proven systems saves you headaches and fast-tracks your success.

Habit #7 They are Decision Making Monsters

Successful investing is all about successful decision making. Begin by getting clear on where you are and where you want to go. Now align your actions towards these outcomes and finally continue to level up your knowledge so you become more informed. And when you're unsure, tap into the experience of those who've already achieved success.

Habit #8 Be the CEO of Your Financial Life

Your financial life is a business. Treat it that way. Take the role of the CEO of your financial life and steer your wealth-building business towards your very own financial freedom and a better life.

Try asking yourself, If I was a business, would I invest in myself?

Habit #9 Leverage Like Crazy

Leverage is a master art of wealth building, freeing you from being your own bottleneck. Use these six levers to multiply your impact - Each one accelerates success:

-Strengths Focus on high-value skills.

-Knowledge Learn from experts.

-People Build a team.

-Financial Use strategic leverage.

-Network Unlock deals and opportunities.

-Systems Save time with proven processes.

Habit #10 They Practice Delayed Gratification Daily

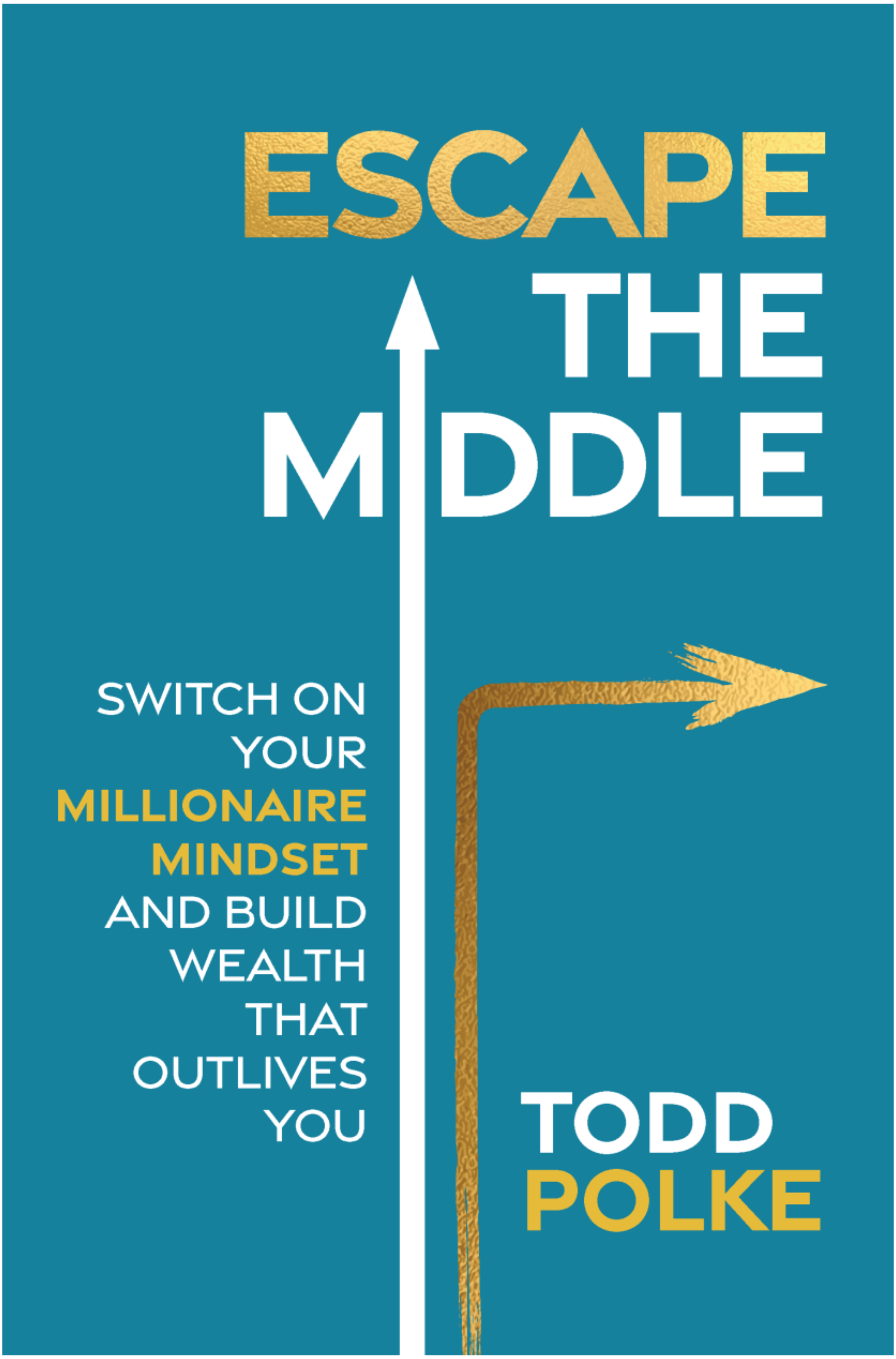
Wealth isn't built overnight, yet many chase quick fixes and get-rich-quick schemes. This short-term thinking costs long-term success. Successful investors play the long game, stay focused, and let patience build wealth.

Habit #11 They Are Master Implementers

Learning is useless without action. The wealthy don't just plan, they execute. My rule: 'Learn one, do one.' Gain a skill, apply it immediately. Avoid the trap of endless learning, real progress comes from doing, not just knowing.

Success in any endeavor in life comes down to habits. It is not the one big move which makes the difference, but the small strategic steps executed consistently over a period of time is where the game is one. Let them stack up and up until they avalanche over into this thing called wealth and success.

Want to know what the most beautiful thing about knowing that wealth is a habit is? It means you can create it too. There is nothing standing in your way. Only you and your willingness to commit to live by a new set of standards.



Todd Polke is an investor, entrepreneur, and international educator in investing and wealth creation. He is the author of **Escape the Middle** (Wiley $32.95), a personal escape plan to financial freedom.

For over two decades, he has guided thousands of individuals in growing and scaling their wealth to achieve financial independence.

Find out more at https://portfoliowealth.com/

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COMMODITIES

Australia's Minerals Strategy And Supply Chains

Australia aims to become a globally significant producer of raw and processed critical minerals. Some background and explanation behind the ambition.

-Australia offers an abundance in metals and minerals, but processing capacity is limited
-Critical and strategic minerals increasingly in focus globally
-Australian Government released Critical Minerals Strategy 20232030
-Australia aims to become a globally significant producer of raw and processed critical minerals

By Anne Cagle

Australia is rich in minerals critical to the global economy, including lithium, rare-earths, cobalt, and nickel, These minerals are not renewable and are often caught up in political situations decisive for resource availability.

Given this, understanding the Australian minerals market is crucial.

Australian Minerals

Australian Minerals are in two categories of critical and strategic minerals.

Critical Minerals

Critical list minerals are metallic or nonmetallic minerals in demand from international partners and susceptible to supply disruptions. The critical mineral list contains 30 essential minerals, like cobalt, silicon, and rare-earth minerals.

Rare-earth Minerals

Rare-earth minerals are critical minerals. Australia has 17 metallic elements in the rare-earth category, including valuable minerals like neodymium, praseodymium, terbium, and dysprosium.

Strategic Minerals

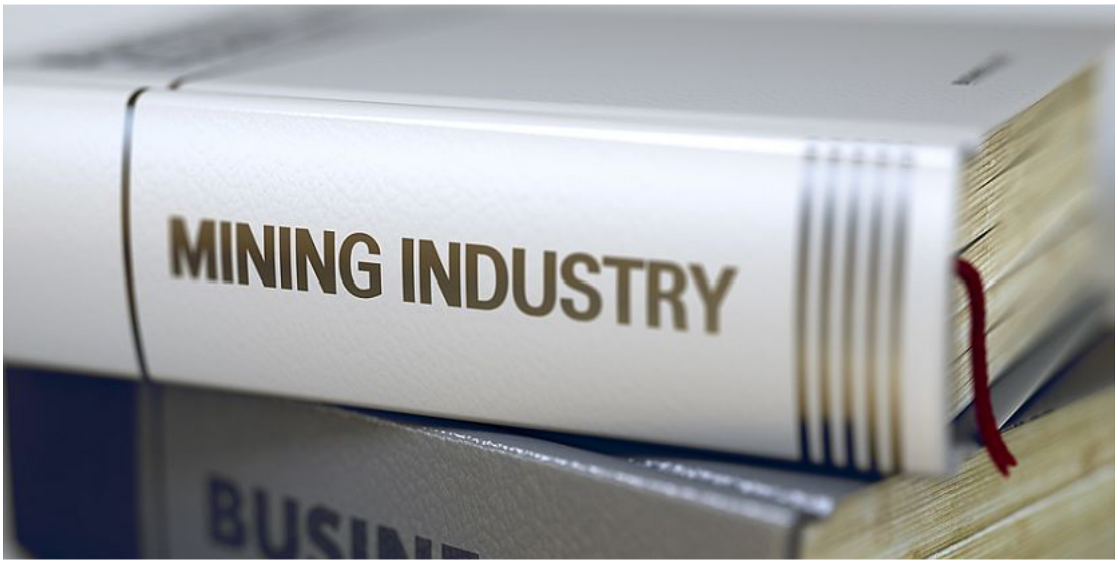
Strategic minerals are in demand from international partners. The strategic minerals list is shorter than the critical list, consisting of aluminium, copper, phosphorus, tin, and zinc.

Critical Mineral Uses

Critical minerals have various uses and industries. Cobalt, for example, is used to create rechargeable batteries for the electric vehicle industry.

Strategic Materials Uses

Australia's strategic materials are necessary for AI technology. An example is copper, which is essential for semiconductor chips.



Downstream Processing: Australia's Value Add Opportunity

Australia's rare-earth average resource is 145 million tonnes. However, Australia cannot produce finished products.

The **Critical Minerals Strategy 2023-2030** addresses the problem.

This strategic vision acknowledges lack of production capacity and sets goals to remedy the situation.

Strategy objectives are:

-Creating Diverse, Robust, and Sustainable Supply Chains

Demand for minerals means creating new mines, processing facilities, and refineries. These mines need reliability and security.

-Addressing Environmental Concerns

Mineral conservation and environmental awareness create supply security. An example is addressing community concerns, especially indigenous peoples, about mining, water use, and biodiversity to make opposition to projects less likely.

-Setting Governance Standards

Strong regulatory structures encourage or demand company transparency. This transparency ensures purchasers, customers, and policymakers have better information about production environmental concerns and progress.

Critical Minerals Strategy 2023-2030

The Critical Minerals Strategy is a roadmap for Australia's mining industries. The Australian government uses federal money to support mining and mineral processing.

Two notable mineral incentives are:

Critical Minerals Production Tax Incentive

The Critical Minerals Production Tax Incentive is a $7bn refundable tax offset. This is part of the **Future Made in Australia** plan focused on supporting critical mineral processing sectors.

The plan includes critical minerals processing and green metals to protect the environment.

Critical Energy Transition Minerals (CETM) Investment

The Federal Government has made a $21m investment in five critical minerals projects.

This investment helps businesses that mine vanadium, graphite, and rare-earths. The focus is on production and processing operations.

Australia has funded about $40m in CETM projects for industry partners in Queensland, South Australia, and Western Australia.

Some Key Players Reshaping the Supply Chain

Australia offers an abundance of mining companies. These businesses are key to mining and processing minerals. Within the context of this story, some of the eye-catching names include:

-Lynas Rare Earths Limited ((LYC))

Lynas is the largest producer of rare-earths besides China, The company operates the Mount Weld mine with an estimated 19.5m tonnes of grade 8.5%.

This mine yields over 1.6 extractable million rare-earth oxides tonnes. The company's downside is it processes materials in Malaysia, adding to costs and political uncertainty.

The company has invested $800m in its Kalgoorlie Rare Earths Facility to reduce reliance on Malaysia.

-Arafura Resources ((ARU))

Arafura advances projects like the Nolans Rare Earth Project at its Nolans mines. The project currently has an estimated mine life of 33 years and a total production capacity of up to 330,000 tonnes of rare-earths concentrate.

This mine has secured up to $840m in Australian Government funding for Australia's first combined rare-earths mine and refinery.

-Pilbara Minerals Limited ((PLS))

Pilbara Minerals has partnered with **Calix** ((CXL)), an environmental technology company, for its Mid-Stream Demonstration Plant Project.

The project uses electricity to heat and process lithium. This process takes less energy and produces less waste than other operations.

Funding for the venture comes after the Western Australian Government awarded the project $15m in grant funding.

-Australian Mines ((AUZ))

Australian Mines has developed its Sconi project. This project is focused on developing ethically sourced advanced battery materials.

The company is known as the first mineral resource company worldwide to be carbon-neutral certified.

The estimate for the Sconi mine is a lifespan of over 30 years, mining and processing minerals like lithium oxides into advanced battery precursor chemicals. These chemicals help power batteries for electric vehicles.

Other ASX-listed mining companies of potential interest include Brazilian Rare Earths ((BRE)), Iluka Resources ((ILU)), Image Resources ((IMA)), ioneer ((INR)), Talga Group ((TLG)), Novonix ((NVX)), Sheffield Resources ((SFX)), and Syrah Resources ((SYR)), among many others.

Geopolitical Implications and Trade Relationships

Australia competes with other countries for mineral supremacy. Key competitors are Greenland, Albania, China, Ukraine, and the Republic of Congo.

Ukraine, Greenland, and the Republic of Congo are conflict areas. This leaves Australia as China's key competitor.

Established trade relationships too are fraught and dubious, with once steady relationships with the United States now doubtful.

Investment Outlook and Risks

In 2022, Australia produced 27 minerals. Fifteen minerals ranked in the top five global supply. From these, Australia ranked number one worldwide for gold, iron ore, lead, and nickel. Despite market dominance, Australian mining needs to make changes to its mining practices and worldwide partners.

Businesses and investors should be alert to instability and opportunities in ambiguous global situations. The Trump Administration, for example, is imposing a 25% tariff on Australian steel and aluminium. These tariffs are despite Australia's long-standing minerals partnerships with the United States. This uncertainty makes Australian mineral markets increasingly unpredictable, at least in the short term.

Australia, in addition to developing alternative trade partners, must create a strong domestic economy with processing capacities. Advanced extraction and refining technologies are essential for competitiveness. Without these changes, Australia is less attractive to investors.

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INTERNATIONAL

Will Trump Fuel US Industrial Acceleration?

Will President Trump's reshoring policies fuel an industrial acceleration?

By Peter Bates, Portfolio Manager, GlobalSelect EquityStrategy at T. Rowe Price

The start of 2025 has presented a range of surprises for investors. Thenews that DeepSeek, a Chinese start-up company, could deliver an artificial intelligence (AI) model comparable to ChatGPT more efficiently and at a fraction of the cost, has posed questions about the growth trajectory of many companies aligned to the AI boom.

Meanwhile, the new U.S. administration has been busy implementing tariffs and other policy changes that are likely to have significant implications for the economy.

President Donald Trump advocates for lower interest rates and taxes, fewer regulatory hurdles, and reshoring manufacturing activity back to the U.S.

This has the potential to benefit the industrials sector, in particular domestic and cyclical areas of the market.

However, choosing where to include cyclical risk in a portfolio is vital to success in this shifting and less predictable environment. Not all areas of the market will necessarily benefit, so it is important to focus on areas where you can identify economic improvement.

We believe the supply/demand dynamics within the housing market make it an area to watch.

Focus on areas where you can see improvement in corporate earnings growth

History tells us that a re-acceleration in the U.S. economy doesn't lift all boats equally. Different areas of the market will generate better returns than others as industries peak or trough.

Earnings growth is currently declining in areas like autos, leisure/travel, and consumer spending companies (e.g., the retail sector). Technology company earnings growth has also peaked, after an extraordinarily strong period over the last couple of years.

Earnings for the "Magnificent Seven" group of technology stocks hit maximum earnings growth back in the fourth quarter of 2023[1] and have since started to decline on a quarter-on-quarter basis (although they still outpace the majority of the market).

By contrast, earnings in areas such as housing, general merchandise, and transportation are starting to inflect, or accelerate.

Potential implications of President Trump's reshoring policy

President Trump is looking to tackle the sizable U.S. trade deficit, especially with countries where the deficit is most significant (China, Mexico, and Canada).

At the end of 2024, the trade deficit stood at US$918.4bn, with imports having increased to an all-time high of US$364.9bn[2].

Currently, the U.S. manufactures only 15% of global goods but consumes 29%. By contrast, China produces 32% of global goods and consumes 12%. The "reshoring" of manufacturing back to the U.S. is therefore a key priority for the Trump administration.

This would also help tackle the fall in manufacturing jobs in the U.S., which has been in decline for many years as the economy has shifted to a more services-based one and production in some sectors was relocated overseas to take advantage of lower costs.

Data show that manufacturing employment has fallen 34% from an all-time high in1979. The new policy measures aim to address these long-term trends, including placing imported goods tariffs on a range of countries and sectors, and are expected to have an impact on the U.S. industrials sector, especially in areas like construction, housing, and transportation. For us, these represent key areas to explore potential beneficiaries.

<u>The housing sector offers up cyclical opportunities</u>

Construction, and housing specifically, has the potential to re-accelerate faster than most. Prior to the global financial crisis, too many new homes were being constructed. Building has since been more muted, creating an undersupply.

Currently, the U.S. construction sector is adding 1.3m homes per year, while demand is estimated at around 1.7m per year[3]. Contrary to trends seen in many other nations (including China, Japan, and across Europe), the U.S. is also experiencing relatively strong population growth through immigration and a higher birth rate.

A combination of growing demand and a decade of underbuilding is now underpinning the need for more construction.

Since 2000, the U.S. has built 33m new homes, while household formation has been around 29m[4]. That might indicate that housing starts have matched population growth over the period.

Yet it fails to account for demand for second homes and the impact of housing obsolescence. Additionally, the average age of housing stock has been ticking higher since the millennium, with the average house now 40 years old.

This trend is sustainable if houses are well-built and maintained, but the reality is housing obsolescence is adding to the demand for new homes. We estimate that obsolescence and second home demand have added to incremental demand by 400,000 homes per year. That means the total demand for homes since 2000 could be in fact around 37m, a deficit of 3m-4m.

What factors might subdue demand? Mortgage rates average around 7% at present, much higher than they have been for many years.

Home sales have consequently fallen from around 6m-7m through the last decade to between 3.5m-4m sales in 2024, with higher rates limiting the potential of large parts of the population to afford new mortgages and move.

However, while this might constrain demand for new housing, it may work to benefit companies that specialise in areas like reconstruction, household goods, and furnishings as people choose to renovate and extend their existing homes rather than moving.

Potential for an industrial pickup -- what are equity markets saying?

There appears an inflection point in industrial activity, which is coinciding with corporate optimism and potential deregulation after the election.

The January United States ISM Manufacturing Purchasing Managers' Index rose above 50 for the first time in nearly two years, and remained above 50 in February. At current levels, the impact of reshoring policies and potential construction growth are not being reflected in stock prices, however.

Concerns remain around the possible impact from tariffs, inflation, and the ongoing uncertainty around policy initiatives.

However, we believe the long-term trends and potential growth rates in areas like transportation, freight, and housing mean that the risk/reward balance remains in our favor even without an acceleration in the economy.

****

[1] Magnificent Seven earnings per share growth peaked at 63%, collectively, in Q4 2023. Sources:Bank of America and T. Rowe Price calculations using data from FactSet Research Systems Inc. All rights reserved.

[2] Source: U.S. Commerce Department's Bureau of Economic Analysis.

[3] Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis. As of December 31, 2024.

[4] Household formation definition: The change in the number of households (persons living under one roof or occupying a separate housing unit) from one year to the next. Source: American Community Survey estimates 20052019, 20212022 study. Most recent data available.

RUDI'S VIEWS

Rudi's View: Time For Appreciating Quality

By Rudi Filapek-Vandyck, Editor

Time For Appreciating Quality

My biggest surprise, when overlooking the local share market this week, is undoubtedly the fact that, on most measurements, the damage done thus far to investment portfolios in Australia remains relatively limited.

It can easily be argued the risks out there, predominantly stemming from the US President's favourite word (tariffs), are much greater than what has been priced in thus far.

Then again, not everyone is convinced the US administration's intention is to keep tariffs in place indefinitely, rather than using them as a temporary negotiating tactic. Not yet anyway.

The more experienced traders will acknowledge it's plain impossible to properly price in all the risks without having clear oversight of the finer details and their potential implications.

In other words: we better not read too much into share prices and index movements thus far.

They are largely the consequence of heightened fear and uncertainty, mixed with plenty of contrasting narratives and a firm belief, still, that all shall work out in a positive manner, eventually.

Simply put: we haven't reached panic station yet; markets have been volatile, and scary at times, but all in all this ongoing process of re-adjusting to the new growth outlook is occurring in an orderly fashion.

This is both comforting and scary. Viewed through a glass half empty approach, it means we aint seen nothing as yet, and share markets can fall a lot deeper if the plot thickens going forward.

Let's take a small step back and note the ASX200, when measured from January 1st, is still only down -3.94%, courtesy of an outsized negative March performance that saw the index retreat by -4% after a weak February had already wiped out all the strong gains booked in the opening weeks of January.

Of course, the first quarter of 2025 is now the second negative quarter for the local share market in succession, so our mood and perception are heavily dependent from what point we start looking back to measure what has been happening.

When we look under the bonnet of the local index, a far more disparate picture emerges.

Shares like Pro Medicus ((PME)), Goodman Group ((GMG)) and NextDC ((NXT)) are down by -20% or more year-to-date, while a2 Milk ((A2M)) --can you believe it?-- is up more than 37%.

Equally important, shares in CommBank ((CBA)) are only down -1.5%, and they did pay out an interim dividend. Ditto BHP Group ((BHP)) whose share price is only off -3.4% year-to-date.

Naturally, in a market that is beset by and guided through all kinds of narratives, those who have been calling for an end to "The Grand Bubble" are now brimming with confidence their predictions are finally coming through, but I wouldn't bet my money on it.

It's quite natural for the Winners to be punished hard when the overall environment turns Risk Off.

For starters; this is where investors and traders turn to when they seek to secure the profits made. A heavily polarised market also invites heavily concentrated exposures and portfolio positioning.

Plus, it doesn't take long before the technical set-up for those Winners reverses into the negative and now you see the traders and momentum followers piling in to the downside.

Us humans being humans, it doesn't take long before narratives appear that justify what is happening. The one that has gripped markets in recent weeks is that AI is simply a temporary fad, not the societal change it has been labelled previously. Falling share prices, of course, have become the 'evidence' this is the case.

As is always the case, there's a lot of 'copying and pasting' going on in terms of short term strategies for the ASX.

Nvidia & Co falling out of favour in the USA thus translates into selling pressure for the likes of Macquarie Technology ((MAQ)), Southern Cross Electrical ((SXE)), HMC Capital ((HMC)), and Megaport ((MP1)), to name but a few that are carrying the AI exposure label.

The **FNArena-Vested Equities All-Weather Model Portfolio** has exposure to Dicker Data ((DDR)), Goodman Group ((GMG)) and NextDC ((NXT)). All three have received the cold shoulder from traders and investors recently, for that exact same reason.

AI is out of fashion, for now, but I am personally inclined to look forward to when these companies make a come-back into positive attention yet again.

In a market that doesn't know whether the sun might shine tomorrow or for how long exactly, each of these share prices can continue weakening for a lot longer. I regularly see dismay and disbelief from investors about how low some share prices can fall, but fundamentals are not the key driving force during prolonged Risk Off periods.

As we all instinctively know, and as history shows us time and again, prolonged periods of Risk Off create opportunity through illogically cheaply priced assets, but there's also the uncertainty about not knowing for how long the current uncertainty might last, and about how 'cheap' share prices might ultimately be when the sustainable turnaround arrives.

To marry one with the other, the above-mentioned All-Weather Model Portfolio has increased its cash holding to circa 18%, lifted exposure to gold (ETF) to 7% and shifted the overall skew to a more defensive positioning.

Exposures are still there to some of the highest quality growth companies on the ASX --think REA Group ((REA)), Car Group ((CAR)) and TechnologyOne ((TNE))-- but those exposures are now smaller than last year, on average and as a percentage of the pie, while the largest allocations are now Telstra Group ((TLS)), Woolworths Group ((WOW)) and HomeCo Daily Needs REIT ((HDN)).

None of this will stop any further losses in case Risk Off and negative news continue to define the outlook for the share market, but it does keep a lid on the short-term damage endured, while keeping the Portfolio in the race in case good news arrives.

Bell Potter's Preference For Quality

While reading through some of the more interesting research reports released this week, I came across two strategy insights worth highlighting.

Bell Potter's latest strategy update makes the case, yet again, that quality equities remain an investor's best friend through market tribulations, and when given enough time to prove themselves.

Investors like to think that high risk equals better returns but that's only sometimes the case and risk will bite back eventually, if one keeps ignoring it. Bell Potter refers to research conducted by Robert Novy-Marx which has highlighted profitability itself as a powerful predictor of future returns.

Companies generating strong, sustainable profits, suggests Bell Potter, typically have structural competitive advantages, disciplined capital allocation, and efficient management practices. Such companies deserve to be labelled Quality and investing in them tends to result in superior shareholder returns over extended periods.

But Quality also works from a general risk perspective, with Bell Potter arguing Quality investing generates steady returns in buoyant markets, but also tends to shine when things get hairy and the economic outlook turns challenging and uncertain. Quality tends to outperform during tough times, even though this may not necessarily become apparent on a day-to-day basis.

I can relate to this type of research and analysis, as my own research into All-Weathers feels closely intertwined. And while Trump and tariffs this time around are creating a very different environment from anything that has happened over the past two decades or so, there's no doubt at Bell Potter that Quality will shine and outperform over the next twelve months.

Characteristics to look for, according to this week's strategy report include:

-Earnings stability and resilience
-Strong balance sheets
-Profitability (consistent high return on equity) and resilient margins
-Sustainable competitive advantages

Examples mentioned are all well-known, international household names, such as Microsoft, Apple, Eli Lilly, Visa and Mastercard, and, yes, the aforementioned Nvidia.

In case there was any doubt: Quality is the preferred factor to invest in for Bell Potter, both for the long term as the short term.

Macquarie's Fundamental Framework

This week's research exercise by quant analysts at Macquarie echoes some of Bell Potter's views in that investors are often too easily misled by share prices that look 'cheap' but then turn out not so great investments. Simply buying 'cheap' is a flawed strategy.

Macquarie quant thinks it has found the answer by developing a broader framework that also takes into account risk and sustainable profitability, which then isolates those companies that seem 'cheap' against their fundamental profile as opposed to 'cheap' against forecasts or asset valuations.

Underlying Macquarie's research lurks the observation from Warren Buffett there is no fundamental difference between investing in Growth or in Value, as both factors are connected at the hip.

Macquarie's research has discovered investors should pay more attention to 'risk' as detailed analysis from past market moves suggests risk is the dominant factor for investment return, not growth or value. Profitability comes second and growth itself sits only in third place.

I am not going to bore you with all the finer details about the research and the strategy framework developed by Macquarie quant, also because this is still very much a work in progress, as also indicated in this week's update. But the observation stands that simply buying higher risk, 'cheap' looking share prices is not the best strategy to employ.

It pays off to identify those companies that stand above the pack and have that little special to offer. Both Bell Potter strategists and the Macquarie research agree on that point. Macquarie's research exhibits some overlap with Bell Potter's in that it too suggests companies with the better fundamentals offer a lower-risk strategy.

Is market turbulence in 2025 creating the ideal circumstances for investors looking beyond simplistic 'cheap' in the here and now?

Macquarie quant has identified the following 29 ASX-listed companies as "Fundamentally Cheap with Above Average Sentiment" from the ASX300:

-Australian Finance Group ((AFG))
-Amcor ((AMC))
-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-Beach Energy ((BPT))
-BlueScope Steel ((BSL))
-Brambles ((BXB))
-Breville Group ((BRG))
-Codan ((CDA))
-Coles Group ((COL))
-Collins Foods ((CKF))
-Computershare ((CPU))
-Data#3 ((DTL))
-Fisher & Paykel Healthcare ((FPH))
-Fleetpartners Group ((FPR))
-Harvey Norman ((HVN))
-Helia Group ((HLI))
-IPH Ltd ((IPH))
-JB HiFi ((JBH))
-Magellan Financial ((MFG))
-Medibank Private ((MPL))
-MyState ((MYS))
-Nick Scali ((NCK))
-Perseus Mining ((PRU))
-ResMed ((RMD))
-Sonic Healthcare ((SHL))
-Supply Network ((SNL))
-Ventia Services ((VNT))
-Wesfarmers ((WES))

As per always, such research tends to generate both confirmations and surprises.

Subscribers have 24/7 access to my own curated lists, which are the fundamental basis for the All-Weather Model Portfolio:

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

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 Tuesday, 1 April 2025. It was published on the day in the form of an email to paying subscribers, and again on Wednesday as a story on the website).

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

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

RUDI'S VIEWS

Rudi's View: You Can NOT Be Serious!

In today's update:

-Think Like A Farmer
-Share Market Optimists Are Disappointed
-A Warning From Yardeni
-Longview Warned First
-You Can NOT Be Serious!

By Rudi Filapek-Vandyck, Editor

There is a lot of negative criticism that can be hurdled at social media platforms (and I do join in at times) but every now and then something extremely useful will pop up, as it did this week.

Below is a message posted by Brian Feroldi on X (formerly known as Twitter). Feroldi is an ex-Motley Fool member who runs his own investor education service these days.

I see a lot of similarities with my own writings these past few weeks, as well as during prior times when the overall climate soured for financial markets.

Sometimes these simple sets of guidelines can keep the mind healthy and focused on what matters most.

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THINK LIKE A FARMER

-Don't shout at the crops

-Don't blame the crop for not growing fast enough

-Don't uproot crops before they've had a chance to grow

-Choose the best plants for the soil

-Irrigate and fertilise

-Remove weeds

-Remember you will have good seasons and bad seasons; you cannot control the weather, only be prepared for it

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I assume everyone can identify the basic ingredients for a successful investment strategy in the share market?

Right now, as I have been advocating for weeks, it's time to remove weeds and prepare the portfolio for when better times arrive.

Some of my recent writings:

-https://fnarena.com/index.php/2025/04/02/rudis-view-time-for-appreciating-quality/

-https://fnarena.com/index.php/2025/03/26/rudis-view-captive-uncomfortable/

-https://fnarena.com/index.php/2025/03/19/rudis-view-navigating-the-trump-slump/

-https://fnarena.com/index.php/2025/03/12/rudis-view-preparing-for-tougher-times-ahead/

-https://fnarena.com/index.php/2025/03/06/rudis-view-to-sell-or-not-to-sell-2/

Share Market Optimists Are Disappointed

Markets are made by humans, not by robots and all the other excuses we often hear about.

While I and you (hopefully) have been careful and cautious, not expecting too much to come out of the US President's tariff intentions, in terms of positive ramifications, others have been happily telling investors to continue buying the dip because the future is bright and markets are simply having a careless hissyfit.

Trump's tariff announcement on Thursday morning Sydney time put all that optimism instantly on the backburner, to be replaced with dismay, disappointment and, in some cases, pure and unbridled rage.

If this wasn't as serious a matter as it is, this quick reversal on the day would be obvious material for comical satire.

Not wanting to point the finger, but Franklin Templeton sent multiple press releases into FNArena's inbox these past couple of weeks, arguing the future looks bright and weakness in markets simply means opportunity for investors.

That sanguine view seems to have changed from the moment Trump's Rose Garden event wrapped up. The press release I am staring at now highlights:

"The end of the free trade era."

"Recession and inflation are now more likely."

"Tariffs (...) will likely slow household and business spending and we expect them to increase the risk of US growth and earnings disappointments in 2025."

"The economic implications may not be the only impact as there will likely be foreign policy implications such as shunning US products and companies moving forward."

"Today's announcement will likely exacerbate worries about slowing US growth and sticky inflation. Price pressures from tariffs may keep the Federal Reserve (Fed) sidelined for at least the next few meetings."

Needless to say, the mood has soured at the firm, with talk about buying the dips now replaced with "we are cautious" and a suggestion bonds might offer a better return.

Humans! The aliens looking down upon us cannot believe the soap operas that are being played, time and again.

A Warning From Yardeni

The President of Yardeni Research, Ed Yardeni usually sides with the bulls and the optimists when it comes to the outlook for US equities, but not in 2025.

Let's hope there will be negotiations, Yardeni's latest message sent out to the subscribers of his US-based service states, because if those tariffs are not watered down the US economy is facing stagflation for the next twelve months or so, and such environment is not overly friendly for US equities.

Yardeni sees slowing growth, higher inflation and a Federal Reserve that cannot help out because of inflation. Simply extending the tax cuts already in place since 2017 will not provide any boost either.

Needless to say, the odds of the Republican Party losing the majority in both houses of Congress are increasing. 2016 might be the one year when financial markets do not appreciate stasis in US Congress.

The one positive highlighted by Yardeni is the price of gold is expected to rally to US$4000/oz.

Longview Warned First

Chris Watling, Global Economist & Chief Market Strategist at UK-based Longview Economics, did not wait until Trump's Rose Garden event to advice his clientele: any share market rallies from here onwards should be an opportunity to offload more stocks.

SELL Any Rallies is the advice displayed on top of Longview's latest equities allocation report mailed out the day before "The end of the free trade era" began in earnest.

The Longview report sums it up as follows:

-The US economy is staring at a mid-cycle slowdown, also reflecting the disruptive effects of tariffs

-Current earnings forecasts do not reflect this dimming outlook

-The adjustment process usually extends for multiple months, if not multiple quarters

-Each of the Fed, interest rates and bond markets will need to adjust their outlook

Longview's suggestion was that equity markets might well stage a rally once Trump is done talking, on the principle of "Sell the fact, but Buy the rumour" but early indications on Thursday are not pointing into that direction.

The Australian share market closed down -0.9% on the day in response to sharply weaker US equity futures.

You Can NOT Be Serious!

Bloomberg columnist John Authers echoed a young John McEnroe in his response on Thursday afternoon: You can NOT be serious!

Some of the nuggets from Auther's response: the effective US tariff rate has now jumped to a level last witnessed in 1935, or before that, the early twentieth century. US Value stocks are enjoying their best quarter since the bursting of the Dot Com Bubble in 2000.

The following four paragraphs are all from the immediate email response:

"It's hard to call this an overreaction, but how to describe all of this? Jean Ergas of Tigress Capital Partners said this week that it wasn't "rebalancing" trade: "This is verticalizing the US economy!" That appears to be right. Tariffs at these levels would turn America into its own economic island, trading only with itself. Horizontal links with the rest of the world are out. Yes, the globalized status quo isn't working, but it's difficult to see how this will be any better.

"Clarity is still lacking even excluding the possibility that some of these rates are never levied after a few days of negotiation but back-of-envelope math suggests that this is even bigger than the Smoot-Hawley tariffs at the beginning of the Great Depression. Omair Sharif of Inflation Insights LLC calculates as follows:

"I looked at imports from 50 countries shown on the White House chart. Together, they made up 68% of total US imports in 2024. Applying the tariff rates shown on that chart and assuming a flat 10% on the remaining 32% of imports gets you a weighted average tariff rate of 23%. We'll likely end up somewhere between 25% and 30%. Note that this would be higher than the average effective tariff rate of about 20% in 1933 under Smoot-Hawley.

"Fitch Ratings' Olu Sonola reckoned the new effective tariff rate at 22% (up from 2.5% last year). That would be the highest since 1910."

Auther's message ends on a poetic note:

"Survival Tips

"Time for some poetry. Decades of economic history, political campaigns, mistakes, misapprehensions, victories, defeats and opportunities both missed and taken have come to a tragicomic conclusion in the Rose Garden. The first lines of Four Quartets by TS Eliot seem terribly apposite:

"Time present and time past
Are both perhaps present in time future
And time future contained in time past.
What might have been and what has been
Point to one end, which is always present.
Footfalls echo in the memory
Down the passage which we did not take
Towards the door we never opened
Into the rose-garden.

"This wasn't inevitable, and it shouldn't have happened, but it did. There are many reasons why and plenty of blame to go around. Now it behooves us all to try to find the passage that can take us, even from this difficult starting point, to the rose garden or at least to a global economic order fairer than the last."

More reading:

-https://fnarena.com/index.php/2025/03/27/rudis-view-coal-copper-car-group-nextdc-more/

-https://fnarena.com/index.php/2025/03/20/rudis-view-best-buys-in-copper-small-caps-tech-healthcare-and-more/

-https://fnarena.com/index.php/2025/03/13/rudis-view-post-february-conviction-calls/

-https://fnarena.com/index.php/2025/02/20/rudis-view-best-id

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Here's one prediction I comfortably make: investors will be hearing and reading a lot more about all of the above in the days, weeks, probably even months ahead.

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(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.)

P.S. I - All paying members at FNArena are being reminded they can set an email alert for my Rudi's View stories. Go to My Alerts (top bar of the website) and tick the box in front of 'Rudi's View'. You will receive an email alert every time a new Rudi's View story has been published on the website.

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

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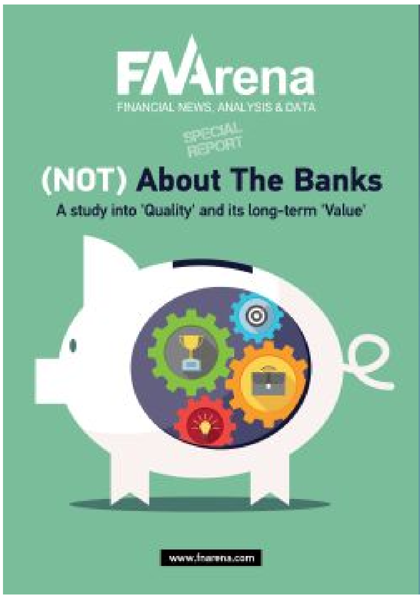


Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

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

SMALL CAPS

Hansen's Powercloud Ready To Perform

After a negative reception initially, the powercloud acquisition is ready to start making a positive contribution to Hansen Technologies' growth prospects.

-Moelis' initiation of coverage adds another Buy rating for Hansen Technologies
-Potential for material near-term earnings growth for powercloud
-Management's long history of capturing M&A synergies

By Mark Woodruff

Shares of Hansen Technologies ((HSN)), a global provider of software and services to the energy, water, and communications industries, have been on a rollercoaster ride since the acquisition of German software platform powercloud in mid-February last year.

While the acquisition expanded Hansen's presence in key target markets, Germany and the broader DACH region (Germany, Austria, and Switzerland), the announcement initially triggered a sharp share price decline to near $4.00 from around $5.60, as the newly acquired business was generating significant earnings losses.

Given Hansen's history of delivering immediately EPS-accretive acquisitions, investors felt they were caught off guard. At least, such is the explanation provided by analysts at Morgan Stanley.

As a more comfortable picture emerged for both Hansen and the newly acquired business, the share price recovered and then some, until Trump tariffs anxiety hit global markets from February onwards.

The shares closed at $5.00 yesterday.

<u>New research coverage</u>

Moelis has freshly added Hansen Technologies to its local stock coverage. The initiation of research report labels the turnaround of powercloud as a meaningful near-term earnings growth opportunity, setting a 12-month target price of $6.00 and starting with a Buy rating.

The report highlights Hansen's evolution from building solutions for Telstra Group ((TLS)) to developing its own proprietary software products, now marketed globally.

The Communications division provides complex systems to telcos and pay-TV providers/communications software providers (CSP's) with software solutions helping deliver services to their customers.

In the Energy & Utilities division, Hansen provides Customer Information Systems (CIS) and Billing software solutions to numerous large electricity players and utilities across the globe.

Moelis points to a history of successful expansion over time, a currently stable management team, and geographically diverse operations, with no single customer accounting for more than 8% of revenue.

Creating opportunities for innovative new software services, these customers face changes around deregulation, decarbonisation, decentralisation, 5G transition, emerging producer-consumer (prosumer) customers, and the need to adapt systems for emerging technologies such as AI, explains the broker.

Like many software vendors, Hansen has minimal need for investment in fixed assets, with the majority of its asset base comprising acquired intangibles, such as technology and goodwill, and capitalised software development.

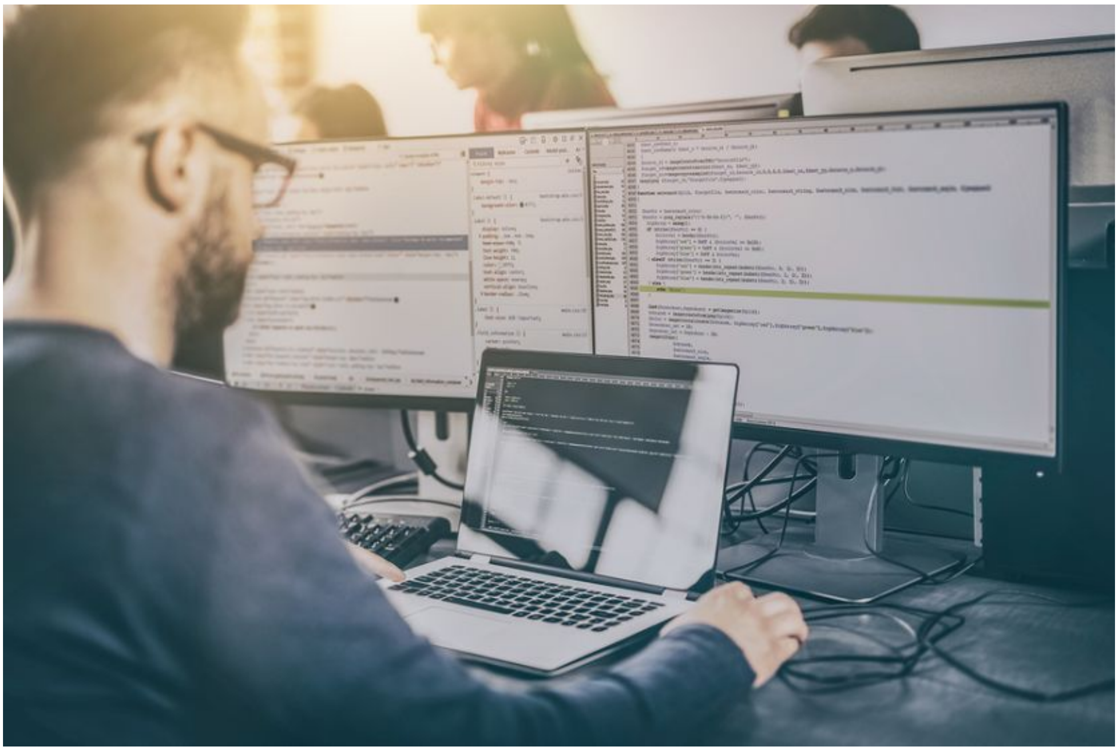
Moelis believes the current valuation for Hansen provides attractive upside potential and takes execution risks into account for ongoing development and enrichment of the product suite.

Necessitating this product improvement, competition is hot from large incumbents as well as startups offering differentiated functionality, explains the broker.

While the current share price does not imply a demanding growth outlook, in the analyst's opinion, Hansen does face competition from large competitors wishing to retain market share (SAP, Oracle) as well as from challenger platforms.

The company has long established customer relationships, but emerging platforms such as Kraken, Tally, and Gentrack Group ((GTK)) have been successful in winning market share, highlights Moelis.

The complexity and diversity of energy regulations across differing geographies has supported the relatively large existing ecosystem of utilities software providers.



Acquisitions since 2019, the latest being powercloud

Uniquely, Hansen offers a differentiated investment case among Australian software stocks under Morgan Stanley's coverage.

While the company attracts less investor attention due to modest organic revenue growth, the broker emphasises Hansen's consistently strong earnings and free cash flow generation over an extended period.

In the analysts' view, Hansen's disciplined approach to bolt-on acquisitions represents a compelling "free option" for investors, underpinned by a decade-long record of effective execution.

Acquisitions have been integral to Hansen's growth strategy.

The strategy by management, explains Moelis, is to capture synergies, while retaining alignment of software solutions to local regulatory requirements and client preferences.

In 2019, the company acquired Sigma Systems, a leading global provider of catalogue-driven software products for telecommunications, media, and technology companies.

Some notable additional acquisitions have been of companies servicing the electricity gas & water markets, including Peace, Nirvana, Utilisoft, Banner CIS, and, most recently, powercloud for -$49m.

Looking ahead, Moelis has incorporated a successful turnaround of powercloud into its forecasts, with the resulting cash flow recovery expected to support ongoing debt reduction.

Interim results in February

Interim results released in February proved in line with management's guidance, with first half revenue rising by 6% on the prior year, while underlying earnings fell by -27%.

Year-to-date underlying earnings of $67m (after taking into account a January update) suggested management's FY25 earnings guidance of between $92-101m should be largely de-risked, noted Goldman Sachs.

The strong January trading update reflected first revenue from the recent five-year contract win with Virgin

Media Limited (VMO2) worth approximately $50m, noted Ord Minnett.

For this broker, the key highlight from interim results was the turnaround in powercloud.

Compared to previous guidance for a -$5m loss, restructuring efforts were accelerated to drive a likely positive earnings contribution in FY25.

Elsewhere, some minor delays were cited for new contract and project implementations, explained the broker, driving an overall unchanged guidance outlook.

Hansen's FY24 profit included a -$10.2m loss via consolidation of five months of powercloud's operations, which Moelis estimates reduced groupwide earnings margins by -4%. The February interim results showed powercloud lost a further -$7.3m.

Since acquiring powercloud, Hansen has reduced the headcount to circa 140 from 400 and cut -$31m from the cost base (annualised) while investing -$13m in working capital including restructuring costs.

Citing further room to lower mid-term costs, Goldman has confidence in management's ability to lift powercloud margins toward circa 30%, when Hansen Technologies' underlying earnings margin for the first half of FY25 was 21.4%.

Management remained confident organic revenue growth of between 5-7% is sustainable, driven by structural digital transformation tailwinds across both segments.

A fall in underlying revenue ex licence fees was due to customer implementation delays, noted Shaw and Partners, which management had been totally transparent about.

Outlook

Moelis believes powercloud achieving break-even provides an earnings tailwind for FY26.

Post interim results, Ord Minnett agreed, noting the accelerated restructuring work done on powercloud should underpin a strong earnings recovery in the second half of FY25 and FY26.

There are four daily covered brokers in the FNArena database researching Hansen Technologies with three Buy ratings and one Buy, High Risk from Shaw and Partners.

The average target price is $6.64, suggesting around 33% upside to the latest share price at the close of trade on March 31.

Outside of daily coverage, both Goldman Sachs and Moelis have Buy ratings with an average target of $6.05.

SMALL CAPS

Megaport's Quest Of Data Centre Agnostic Growth

Post February interim results, analysts are warming to the operational outlook for Megaport.

-Megaport's improving metrics auger well for future growth
-Jarden's new research helps counter competition concerns
-Potential upside from new cybersecurity offering

By Mark Woodruff

Global Network-as-a-Service provider Megaport ((MP1)) is driving growth through strategic initiatives, including extensive new product development, a flexible pricing structure, and investing in its go-to-market and customer service teams.

Prior to February's interim result, Citi had flagged a lack of clarity around the slowdown in net revenue retention (NRR), with recent price reductions hinting at competitive pressures.

NRR was historically the core driver underneath Megaport's revenue growth, but this measure started to stall after the company increased prices at the end of FY23. As a result, Jarden believed Megaport had become less competitive, driving a decline in net new logo growth (i.e. additional customers) and net service retention.

When the half-year financials were released, revenue and earnings met expectations, but forward-looking indicators (including NRR, annual recurring revenue (ARR), provisioned port capacity, and customer utilisation) reinforced Canaccord Genuity's confidence in the company's underlying growth trajectory.

The market certainly approved, as the share price jumped by 18% on results day.

Instead of competition fears, Jarden is now citing a flywheel advantage due to greater go-to-market and R&D spend than key competitors PacketFabric and Console Connect, who both face funding headwinds and are cutting headcount, while Megaport grows.

This week, the broker began research coverage on Megaport with upbeat commentary and an Overweight rating, one level below Buy in Jarden's ranking.

While NRR is stabilising and ARR is accelerating, the analysts are waiting for unambiguous evidence new over-the-top products and an expanded network offering can reignite NRR or customer growth, before assigning further valuation upside.

Patience appears essential. Even Macquarie, which maintains an Outperform rating, acknowledges the road to recovery will take time, wistfully noting the company used to enjoy a recurring revenue stream one could rely upon.

For the medium-term, backbook (existing contracts) repricing is still going to present some overhang, in this broker's view.

Positively, **management is evolving the business model to increase customer wallet share by expanding into cybersecurity-style offerings.**

An upgrade of the company's technology stack and compute platform enhances its Secure Access Service Edge (SASE) capabilities, highlighted Macquarie, enabling a stronger shift toward solutions-based selling.

This represents a fundamental and higher-value repositioning from the company's traditional connectivity use-case, noted the broker.

<u>What does Megaport actually do?</u>

In general terms, Megaport benefits from increasing demand for multi-cloud strategies and digital transformation.

The company's core offering provides elastic interconnection services on a pay-as-you-go basis, allowing fast, secure, and scalable connectivity.

The port, the company's core product, is a physical connection to Megaport's network through a point of presence (PoP) in a data centre, which can connect to one or multiple cloud service providers (CSP)

A customer uses the port to connect its branch to a CSP or creates a virtual cross connect (VXC), a connection created between two points on the Megaport network, by utilising physical cross connects (copper or fibre optic cable) between adjacent points.

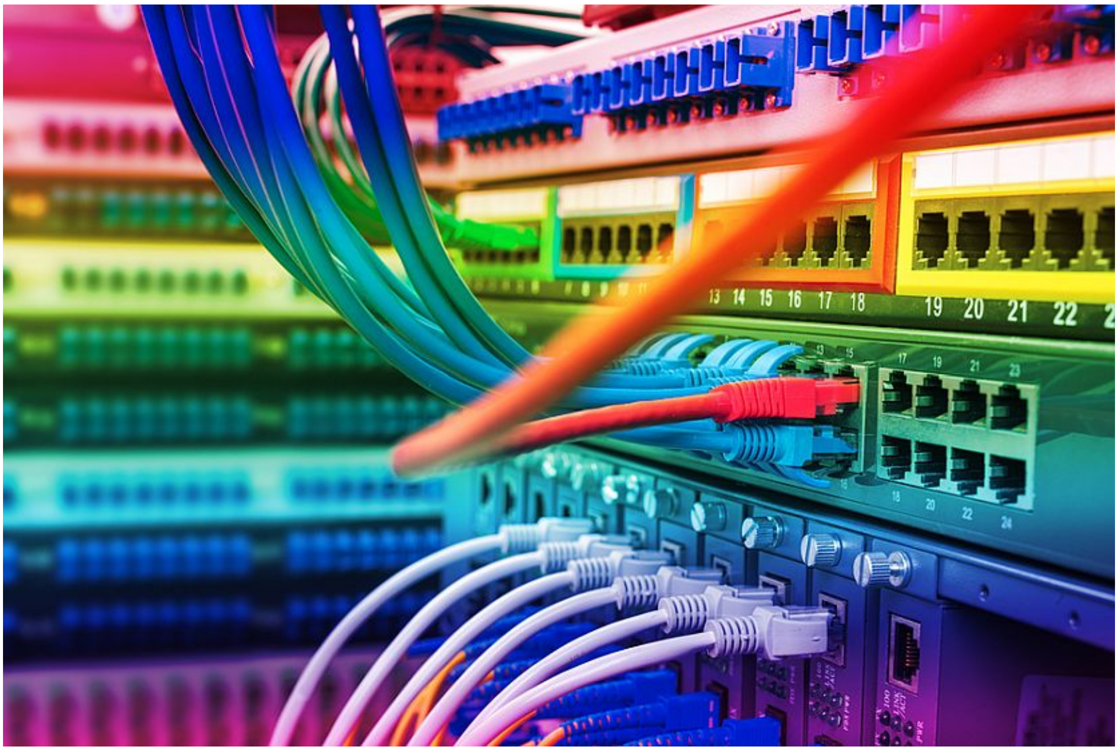
Jarden explains this process bypasses the public internet to provide private access with high security, low latency, and high bandwidth capacity.

Megaport's over-the-top products include: Megaport Cloud Router, allowing customers to route data between cloud services or between data centres without physical equipment; Megaport Virtual Edge, a device supporting network functions like a software-defined wide area network (SD-WAN) or firewalls closer to end users; and Private connectivity to cloud applications (e.g. SaaS platforms).

These services sit on top of Megaport's Software Defined Network (SDN) and help customers simplify complex network setups, improve security, and speed up cloud adoption, without relying on traditional carriers or installing additional hardware.

Being data centre-agnostic, the software doesn't require users to be in a specific branded facility. Any Megaport-enabled site works.

The software also supports on-demand provisioning, where users can spin up and scale connections programmatically via an application programming interface (API) or portal, with no physical rewiring needed.



<u>Fending off competition</u>

Jarden believes Megaport offers a differentiated and compelling value proposition as a data centre-agnostic fabric, positioning the company to continue gaining market share despite intensifying competition from data centres and incumbent network providers.

The broker notes growing competitive pressure, with data centres expanding their virtual fabrics. For example, global digital infrastructure company Equinix reported a 14% year-on-year increase in virtual connections in December, while traditional carriers are launching more flexible solutions, including Lumen's network-as-a-service in July 2023 and private connectivity fabric (PCF) in July 2024.

Even so, the analysts see scope for Megaport to double its customer base, supported by deeper adoption of core products as key competitors experience slowing momentum. The company's relevance is also expected to increase further via new product releases and increased go-to-market investment.

February's interim results

Sales success has given management confidence to invest for growth, commented Morgans following interim results, highlighting -$4m of "opportunistic investment in go-to-market hires" in FY25.

In a great outcome both financially and strategically, according to the broker, management was able to absorb the extra -$4m in opex while maintaining FY25 earnings guidance. FY25 revenue guidance was raised by $2m at the lower end of the range to $216-222m.

Morgan Stanley felt an improvement in ARR versus expectations was a function of 3% customer logo growth, a 6% beat against consensus for ports and services growth, and stabilisation of NRR at 107%.

A (slight) improvement in NRR, growing from 106% in June 2024 was a strong result, according to Goldman Sachs, given it followed a steady decline across FY24 from 115% in June 2023.

Headline KPI's finally showed signs of re-accelerating, noted UBS, with new customer logos, ports, and services added materially improving in the second quarter of FY25, while the strong trajectory for both Megaport Virtual Edge and Megaport Cloud Router continued.

ARR grew by 18% half-on-half to $227m, (a rise of 14% in constant currency), which was well ahead of market expectations for $217m. While currency benefited the figure by around $8m, the headline figure and a softening Australian dollar provides a tailwind for revenue in the second half, noted Canaccord Genuity.

The addition of $22.6m of ARR in the period represented more growth than in the last three years combined, pointed out Morgans.

For Goldman Sachs, the clear standout from the interim result was improved customer/port growth, with a material acceleration in the second quarter reflecting the significant investment in sales/product in recent years, alongside the expanded data centre footprint.

Outlook

Morgan Stanley has an Equal-weight rating for Megaport, preferring other software quality names generating greater than 20% earnings growth and stronger market leadership such as WiseTech Global ((WTC)), Pro Medicus ((PME)) and Xero ((XRO)).

UBS still likes the structural thematic, together with the operating leverage within the business model, while Macquarie feels there has been validation for management's reinvestment in growth, and points to a long product roadmap to support this growth.

Currently four of the daily monitored brokers in the FNArena database researching Megaport have Buy ratings and two are on Hold, with an average target price of $11.22, representing some 9.9% upside to the closing share price on April 2.

Outside of daily coverage, Jarden begins with its Overweight rating and $10.67 target, Goldman Sachs (Neutral) has a target of $9.50, while Canaccord Genuity is more bullish with a Buy rating and $12.60 target.

SMALL CAPS

Southern Cross Electrical Adding Fire As Fuel

Analysts are effusive about Southern Cross Electrical Engineering's acquisition of a fire safety company at an attractive price.

-Southern Cross Electrical Engineering acquires Force Fire
-Significant earnings accretion
-Complimentary services
-Expansion opportunities

By Greg Peel

Founded in 1978 and listed in 2007, Southern Cross Electrical Engineering ((SXE)), which refers to itself as "SCEE Group", is a leading national electrical, instrumentation, communications and maintenance services group of businesses, diversified across three broad sectors of infrastructure, commercial and resources, and positioned to service the electrification and decarbonisation initiatives shaping today's markets.

SCEE has announced the acquisition of fire safety solutions provider Force Fire Holdings Pty Ltd for consideration of up to -$53.5m, comprising -$36.3m cash payable on completion, -$5.2m in deferred consideration, and up to -$12.0m in contingent payments.

The acquisition consideration represents a multiple of 4.8x FY25 enterprise value to earnings (EV/EBIT) assuming Force Fire achieves earnings (EBIT) of $8.3m in FY25 as well as the associated FY25 deferred consideration and contingent payments. The transaction is on a 4.1x FY27 EV/EBIT assuming Force Fire achieves an EBIT of $13.0m in FY27 and maximum consideration is paid across FY25 to FY27.

The transaction will be funded through SCEE's existing cash reserves ($114.8m at end-December, debt free). Management expects pro forma combined FY26 earnings (EBITDA) in excess of $65m and at least 18% earnings per share accretion on a FY25 pro forma basis.

The company expects the impact to its FY25 forecast to be broadly neutral with the Force Fire contribution offset by transaction costs. Force Fire's FY26 contribution is forecast by management to be at least $10m EBIT.

Force Fire

Founded in 2004 and headquartered in Sydney, Force Fire is a leading Australian provider of end-to-end fire safety solutions with a 25-year history of servicing clients across in the commercial, industrial, data centre, education, and retail end markets. Force Fire manages a direct workforce of over 200 full-time equivalent employees across NSW and Queensland, including over 30 electrical tradespeople and 140 other skilled technicians.

Force Fire provides specialised fire safety solutions, having both mechanical ("wet fire") and electrical ("dry fire") capabilities, by executing projects and services/minor works for a highly recurring client base, enjoying long term relationships with a diverse range of facility managers, property owners, and builders.

Force Fire's capabilities are complementary and adjacent to SCEE's existing suite of services offered, Bell Potter notes. The company operates in a regulated market, in which adherence to regulation delivers non-discretionary, non-deferrable demand for fire safety, resulting in a high level of repeat clients.

Force Fire operates in the Commercial and Infrastructure sectors with exposure to data centre construction, hence SCEE sees scope for cross-selling opportunities.

Force Fire is expected to generate FY25 revenue of $106m and EBIT of $8.3m.

Rationale

The acquisition aligns with SCEE's strategy to add adjacent and complementary capabilities and increase exposure to services and maintenance style works and recurring revenues, Shaw and Partners notes. The fire sector is a natural and logical adjacency to SCEE's core electrical competence and complementary communications, security, and manufacturing capabilities.

Management's rationale for the acquisition includes expansion into the attractive fire safety solutions market adjacent to SCEE's current capability, in addition to a platform into broader non-discretionary technical building services.

Management expects further sector and geographic diversification with Force Fire's FY24 revenue principally commercial sector exposed (88% commercial and 12% infrastructure) and offering continued expansion into the East Coast and offering further growth in maintenance and recurring style works (some 30% of Force Fire's revenue).

Response

The Force Fire acquisition is a "great deal" from a valuation and earnings accretion perspective, Bell Potter suggests, with the expansion into fire safety a natural and complementary move.

Shaw believes this to be an "excellent acquisition" at an attractive price that provides SCEE the opportunity to provide fire safety solutions to its existing client base as well as adding new clients to the SCEE group.

The company remains well positioned to maintain its growth trajectory through FY25 and beyond, Moelis suggests, and in this broker's view remains supported by a strong client base, growing recurring revenue, and with strong structural tailwinds in electrification and decarbonisation, translating into infrastructure spend.

Catalysts for the stock include pipeline conversion, continued growth, and further commercial and resources work awards.

Moelis has increased its earnings per share forecasts by 18% in FY26 and FY27, and raised its price target to $2.20, retaining a Buy rating.

Shaw has increased its EPS forecasts by 18.3% and 21.4%, while Bell Potter tops all with 20% and 25%.

Shaw and Partners' target rises to $2.40 from $2.25. Shaw retains Buy given the 50% total shareholder return the broker believes might be on offer.

Bell Potter also retains Buy, lifting its target to $2.50 from $2.30.

Shares in Southern Cross Electrical had been dragged down because of investors' mental connection to the global AI trade, which has fallen out of favour in 2025. News of this latest acquisition pushed the share price above $1.80 from below $1.50, but now the world is back in worrystreet on worse-than-expected Trump tariffs, the share price has come under pressure yet again.

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

TREASURE CHEST

Treasure Chest: Goodman Group's Data Centres

FNArena's Treasure Chest reports on money making ideas from stockbrokers and other experts. Today's idea is on warehouse/data centre developer Goodman Group.

Whose Idea Is It?

Morgan Stanley

The subject:

Valuing Goodman Group's ((GMG)) data centres.

More info:

Following Goodman Group's February result release, Morgans noted management remained focused on expanding its global data centre portfolio, which represented 40% of work-in-progress, and expected planning complexities to create barriers to entry, supporting long-term rental growth.

Institutional investor interest in industrial real estate persists, Morgans suggested, albeit with higher return hurdles, and logistics demand appeared to be moderating to pre-covid levels.

That said, the current focus of investors in Goodman is not on its legacy logistics business (warehouses/distribution centres), but instead on Goodman's growing data centres stable.

Citi emphasised post-result that growing demand from cloud providers, enterprises, and AI model training, supports Goodman's development and management fee growth. Infrastructure scalability and AI adoption trends remain key drivers.

Analysts have noted recently property capitalisation rates have stabilised and are set to improve. Goodman announced a $4.4bn capital raising at the result specifically to fund further data centre investment.

In lieu of the logistics/data centre valuation discussion, Morgan Stanley has this morning published analysis that attempts to separate the two businesses for the sake of valuing data centres on a standalone basis.

This, is the underlying suggestion, might help investors with understanding the building blocks to value the company.

For the past 18 months, notes Morgan Stanley, the market has been trying to ascertain a value for Goodman's data centre pipeline, which currently stands at 4.0-4.5GW.

The analysts admit this may be a sub-optimal exercise as there are too many unknowns -- eg timing, level of infrastructure required, demand, capital partnership formats etc but they gave it a shot.

The conclusion is that if Goodman were to retreat to becoming a warehouse-only developer, which they stress management has not given any indication of doing, the stock could be worth $24.94.

This implies the market would likely value Goodman shares at $20-25/share, taking into account REIT stocks Morgan Stanley covers are trading at -15-20% discounts to the broker's price targets.

Goodman Group is the largest constituent for the ASX-listed REITs sector, although the company has been valued as a growth stock more so than in relation to bond yields, as is the case for your typical REIT.

Having looked at Goodman's trading pattern since the articulation of its data centre strategy back in August, and combined with detailed analysis, Morgan Stanley believes the market is prescribing $3-6/share for Goodman's data centre business, which the analysts expect to produce some 30cps earnings per share in FY26.

This implies a conservative PE multiple in the mid-teens for that offering, compared to global data centre/logistics peers generally trading at more than 20x PE (or price to funds from operations).

Morgans Stanley has an Overweight rating on Goodman Group with a target of $37.50.

While a high-end target among the six brokers, it is still short of Morgans (Hold, $38.00) and Citi (Buy, $40.00).

The prospect of US import tariffs and AI fatigue creeping into investors' mindset has put downward pressure on AI and data centres related share prices, including shares in Goodman Group, throughout the first three months of 2025.

Having surged above $38 in January, the shares have now weakened to below $30.

Analysts covering the company for daily monitored brokers have made no changes or adjustments thus far post February results, with exception of Morgan Stanley this morning.

We can but assume they too are waiting to see what happens next with US tariffs to be announced later tonight by the Trump administration.

In the meantime, the tally established upon delivery of interim financials from the brokers monitored daily consists of three Buys and three Hold/Neutral ratings, with an average price target of $39.96.

Outside of daily monitoring, Jarden rates the stock a Buy with a price target of $39.50.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 28-03-25

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

By Mark Woodruff

Guide:

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

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

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

Summary

Period: Monday March 24 to Friday March 28, 2025
Total Upgrades: 10
Total Downgrades: 6
Net Ratings Breakdown: Buy 61.41%; Hold 31.99%; Sell 6.60%

For the week ended Friday, March 28, 2025, FNArena tracked ten upgrades and six downgrades for ASX-listed companies from brokers monitored daily.

Declines in average target prices outweighed increases and downward revisions to average earnings forecasts were more substantial than any upgrades, as shown in the tables below.

After entering a binding Scheme Implementation Agreement with Canadian-listed Dollarama, the Reject Shop received the largest increase in average target from brokers.

Under the scheme, all Reject Shop stock will be acquired for $6.68 per share, representing a 112% premium to the previous close, and a 117% premium to the six-month volume weighted average price.

Should the Scheme be effective, the board, which unanimously recommends the transaction to Reject Shop shareholders, intends to distribute a fully franked special dividend of 77 cents per share, to be deducted from the acquisition price.

Raphael Geminder's Kin Group, which has a 20.8% stake in the Reject Shop, intends to vote all shares in favour of the Scheme.

Dollarama has indicated it is targeting an acceleration of the store rollout to 30 (net) new Reject Shop stores per annum, growing the Australian footprint to 700 stores from 392 by 2034.

After raising its target to align with the offer price, Ord Minnett has downgraded its rating to Hold from Buy.

Regarding earnings forecast upgrades, here Synlait Milk topped the list last week following interim results.

Earnings landed at the top end of management's guidance range, marking a return to profitability. Still, management struck a cautious tone on the second-half outlook, suggesting the next improvement in earnings won't match first-half levels.

During the first half, all core business units delivered margin improvement. Advanced Nutrition benefited from 28% volume growth, Ingredients was supported by stronger stream returns (i.e. processing milk into higher-value components), and Consumer saw gains through ongoing business improvement initiatives.

Bell Potter raised its earnings estimates by 3% for FY25 and 7% for FY26, though cautioned Synlait remains vulnerable to a2 Milk integrating its supply chain vertically through 2025, potentially weighing on the Advanced Nutrition segment.

Next up is gas production and exploration company Amplitude Energy with a 14% rise in its FY25 average earnings forecast.

Striking a reworked joint venture agreement for its East Coast Supply Project provides greater development and funding certainty as explained at https://fnarena.com/index.php/2025/03/28/upping-the-east-coast-amplitude/

On the negative side of the ledger, Coronado Global Resources and Chalice Mining fill the top two places in the tables for negative change to earnings forecast and target price.

Buy-rated Bell Potter cut its target price for Coronado to 50c from 95c after marking-to-market coal prices for the March quarter to date and lowering its June quarter forecast for hard coking coal (HCC) to US$180/t from US$190/t.

This broker also warned a sustained spot HCC price of US$170/t, or any further decline, could pose balance sheet risks for the company in the second half given Coronado's strong reliance on cash flow generated from higher prices.

Management is chasing volume expansions at its Curragh mine in Queensland and in the US (Buchanan mine) to lower unit costs, noted the analysts.

Both Macquarie and Morgans lowered earnings forecasts for Chalice Mining prior to the pre-feasibility study (PFS) due in mid-2025 for the Gonneville platinum group elements (PGE)-nickel-copper-cobalt project in WA.

The company recently announced a significant metallurgical advancement at the project, allowing recoverability of metals through flotation and Carbon in Leach (CIL).

No longer is a hydrometallurgical process for nickel concentrate required, which is expected to reduce technical risk, process complexity, and capital operating costs.

The new processing method forced Macquarie to forecast a smaller production scenario with throughput capacity of 5mtpa versus the 15-30mtpa suggested by the initial Scoping Study.

Nine companies in the Mining sector fill a possible ten places in the earnings downgrade table below with uranium exposures Paladin Energy, Lotus Resources, and Boss Energy featuring prominently.

In case you are curious: Premier Investments is the sole non-miner in the table.

Paladin Energy resumed operations following the recent rain event at its Heinrich Langer mine in Namibia with management highlighting damage to access, haul roads, and minor civil infrastructure.

The rain delayed some mining equipment delivery and because of the impact on production, the company withdrew production guidance for FY25.

Ord Minnett revised its forecasts to reflect a slower mining ramp-up, deferring the start of higher-grade ore extraction to the December quarter of 2025. As a result, the broker halved its FY26 earnings forecast and trimmed FY27 estimates by -6%.

Macquarie responded by upgrading Paladin to Outperform from Neutral, citing the currently discounted share price. This broker also noted the acquisition of Patterson Lake South via the Fission Energy deal has enhanced the overall quality of the company's asset base.

For Lotus Resources, the small average earnings forecast numbers by brokers exaggerated the percentage decline last week after Ord Minnett adjusted its estimates.

Presenting at the broker's recent Mining Conference, management at Lotus highlighted a greater commitment to the Letlhakane uranium project in Botswana than the analyst had assumed, with some of the cash flows from Kayelekera in Malawi to be reinvested in its drill-out.

At the Conference, general commentary by management at Lotus, Paladin and Boss Energy suggested the falling spot price for uranium is due to uncertainty over whether miners or utilities will pay looming tariffs. Also, utilities may be wary due to the ban and counter-ban on US fuel buying from Russia.

Ord Minnett lowered its target price for Boss Energy to $4.70 from $4.80 on higher projected costs at the Alta Mesa project in South Texas.

Following a site visit at the company's Honeymoon operations in South Australia, analysts at Citi and Bell Potter noted the ramp-up is proceeding smoothly, with the latter expecting FY25 production guidance of 850klbs will be exceeded.

The average 2025 earnings forecasts for Woodside Energy also fell by circa -23% even though 2024 earnings of US$9.3bn and net profit of US$2.9bn were slightly ahead of Ord Minnett's expectations. The dividend was also larger-than-expected, with an 80% dividend payout maintained.

Management reaffirmed key operational guidance for 2025, with the Louisiana LNG project sell down to -50% seen as a key de-gearing catalyst.

Certainly, the analysts at UBS believe investor focus is currently on the Louisiana sell-down, with a final investment decision anticipated by March 2025. The project is valued by the broker at US$2.77 per share.

Back on March 24, James Hardie Industries announced a takeover of US building materials company Azek for -US$8.75bn.

While new CEO Aaron Erter detailed a bold growth strategy, the market was having none of perceived high-priced acquisitions in the current macroeconomic backdrop, and the share price fell by around -20%.

Broker views varied with Morgan Stanley believing the sell-down in shares (over -30% from January) is overdone while Macquarie applied a lower valuation multiple for FY26 earnings estimates and lowered its target to $44 from $65.

Further broker views on the transaction are at
https://fnarena.com/index.php/2025/03/25/james-hardie-pursues-growth-at-what-cost/

Total Buy ratings in the database comprise 60.83% of the total, versus 32.22% on Neutral/Hold, while Sell ratings account for the remaining 6.95%.

Upgrade

CLEANAWAY WASTE MANAGEMENT LIMITED ((CWY)) Upgrade to Add from Hold by Morgans .B/H/S: 5/1/0

Morgans upgrades Cleanaway Waste Management to Add from Hold with a higher target price of $2.95 from $2.85.

The broker believes the Contract Resources acquisition for $377m (debt funded) is attractive, even if there is a preference for management to expand further into solid waste services.

The acquisition is expected to be EPS accretive with cost synergies, and Morgans lifts FY27 net profit after growth forecast by 4%. The deal is subject to ACCC approval targeted for late 2025.

CATALYST METALS LIMITED ((CYL)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 2/0/0

Bell Potter upgrades Catalyst Metals to Buy from Hold with a higher target price of $5.50 from $4.45, on the back of the sale of the Henty gold mine to Kaiser Reef ((KAU)) for $33m, including $15m in cash, around $14m in Kaiser shares, and $4m for environmental bonds.

Post-transaction, Catalyst will hold 19.99% of Kaiser's ordinary shares.

The broker believes the transaction is sensible as it simplifies the business and facilitates attention on the expansion and exploration of the Plutonic Gold operation.

Bell Potter has increased its gold price forecast by 3% in FY25 and 11% in FY26, with a long-term gold price of US$3,800/oz from FY28.

DETERRA ROYALTIES LIMITED ((DRR)) Upgrade to Buy from Neutral by Citi .B/H/S: 4/1/0

Citi upgrades Deterra Royalties to Buy with an unchanged target price of $4.50, on the back of the stock trading at a "large discount" to the estimated net present value.

The broker has reviewed the 12-month outlook for global metals and mining. Citi envisages the most upside from 1Q 2025 levels for uranium and lithium carbonate, and the most downside for manganese and zinc prices.

Citi retains a bullish view on gold for the next three months, raising its forecast to US$3,200/oz from US$3,000/oz, and remains negative on oil for 2025, downgrading the Brent crude price forecast to US$6063/bbl.

Other price changes: copper up 4% to US$9,100/t, lithium carbonate down -8%, hard coking coal down -12% to US$184/t, thermal coal down -12% to US$105/t, and alumina down -23% to US$443/t.

FORTESCUE LIMITED ((FMG)) Upgrade to Neutral from Sell by UBS .B/H/S: 1/5/1

UBS believes the selloff in Fortescue shares is overdone, expecting the iron ore price will hold in the range of US$90-100/t for the next five
years, and upgrades its rating to Neutral from Sell.

While suggesting concerns around low-grade discounts as also overdone, the broker increases its low-grade discount to -16% from -15% to acknowledge the possibility of steel curtailments. The target falls to $16.70 from $17.30.

HELIA GROUP LIMITED ((HLI)) Upgrade to Neutral from Underperform by Macquarie .B/H/S: 0/1/0

Macquarie reckons Commbank's ((CBA)) announcement that it has engaged with an alternative LMI provider on an exclusive basis means Helia Group has likely lost the contract.

The broker had flagged this possibility in its previous report while warning the risk was not being priced in.

The Commbank contract comprises 44% of Helia's business and will expire by end-2025, if not renewed. The broker believes the share price is now capturing the contract loss.

Going forward, the broker expects share buyback to be completed which led to a 4% increase in the FY25 EPS forecast and a 9% rise in FY26.

Target price cut to $3.55 from $4.20. Rating upgraded to Neutral from Underperform.

JAMES HARDIE INDUSTRIES PLC ((JHX)) Upgrade to Overweight from Equal-weight by Morgan Stanley .B/H/S: 4/3/0

Morgan Stanley acknowledges the premium paid by James Hardie Industries for AZEK but considers the circa -21% decline in the share price as overdone.

The broker upgrades the stock to Overweight from Equal-weight and notes EPS dilution and share price volatility in the short term.

James Hardie has agreed to acquire AZEK for US$8.75bn with a combination of cash and shares. Management is targeting synergies of US$350m, of which true cost synergies are US$125m, excluding commercial revenue synergies, the analyst explains.

Management highlighted cross-selling opportunities, including 55% of siding contractors also doing decking and around 55% of homeowners completing decking and re-siding at the same time.

Target of $55 retained. Overweight. Industry view is In-Line. The broker's earnings forecasts are unchanged pending the finalisation of the transaction.

See also JHX downgrade.

NATIONAL STORAGE REIT ((NSR)) Upgrade to Buy from Neutral by UBS .B/H/S: 4/0/1

UBS analysts note shares in National Storage REIT have declined by some -12% over the six months past, also underperforming against other REITs, as investors concentrate on challenging operational conditions.

Lower rates are seen as the 'fix', but UBS also focuses on improvement coming on the back of a recovery in housing. Forecasts have been lowered below consensus and the expectation is that consensus will fall in line with the broker's adjustments.

Having said all of the above, UBS also believes the share price already is accounting for all of that. Hence, upgrade to Buy from Neutral.

Target price loses -10c to $2.49.

PALADIN ENERGY LIMITED ((PDN)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 7/0/0

Macquarie upgrades Paladin Energy to Outperform from Neutral, with the broker highlighting the acquisition of Patterson Lake South via the Fission Energy purchase has raised the quality of the company's assets.

The discount in the share price relative to peers comes on the back of management withdrawing guidance for FY25 due to the wet weather event in Namibia, and production from Langer Heinrich has been "disappointing" this year, the broker explains.

Macquarie lowers EPS estimates by -USD15c for FY25, and the company is now expected to generate a loss due to lower production of 2.6mlbs versus 3.25mlbs prior to the floods, as well as higher costs. The FY26 EPS estimate is cut by -23% for lower production of 4.6mlbs against 5.05mlbs previously.

Target price is set at $8.25, down -9%.

PRO MEDICUS LIMITED ((PME)) Upgrade to Add from Hold by Morgans .B/H/S: 3/1/1

Following a deeper analysis of Pro Medicus' $330m 10-year deal with Trinity Health, Morgans understand revenue will be lower over the first 18 months and pick up across the final 8 years.

This is due to phased implementation given the complexity of replacement in sites under existing contracts. This has resulted in near-term downgrades in the broker's forecast and upgrades later, and hence no change in the valuation.

Target price retained at $250. Rating upgraded to Add from Hold following recent share price weakness.

RAMELIUS RESOURCES LIMITED ((RMS)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 3/0/0

Macquarie upgrades Ramelius Resources to Outperform from Neutral with a higher target price by 9% to $2.50 on the back of the announcement to acquire Spartan Resources ((SRR)) for around -$2.4bn in a cash and/or cash/scrip offer.

Ramelius already owns 19% of Spartan, and deal completion will allow for the development of Dalgaranga's first ore in late 2025. Never Never and Pepper orebodies are expected to be fully ramped up in 2030.

The broker believes the acquisition is a good opportunity to boost asset quality and production growth.

Macquarie's EPS forecasts decline over FY26FY29 by -20% to -53% on the back of higher depreciation and amortisation and an estimated 65% more shares on issue.

<u>Downgrade</u>

JAMES HARDIE INDUSTRIES PLC ((JHX)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 4/3/0

Macquarie notes James Hardie Industries' proposed acquisition of AZEK is at a 26% premium to AZEK's volume-weight average price and implies a 20.8x NTM EV/EBITDA.

The broker believes AZEK is an attractive asset and will solve the weakness in the company's trim product but the deal will dilute returns for James Hardie's shareholders.

Target price cut to $44 from $65 on a reduced multiple of 13x FY26 estimates from 18.9x. Rating downgrade to Neutral from Outperform.

See also JHX upgrade.

MEDICAL DEVELOPMENTS INTERNATIONAL LIMITED ((MVP)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 0/1/0

With the transfer of coverage at Bell Potter, Medical Developments International is rated Hold with a lower target price of 71c, down from $1.60.

The analyst is upbeat on the positive earnings (EBITDA) for the first time in a while, and although the turnaround has been slow, some "green shoots" are starting to appear.

Post analyst handover, Bell Potter has reduced sales forecasts by -23% and -34% for FY25 and FY26, respectively, and earnings estimates are lower by around -45% to -69% for FY26FY27.

NEW HOPE CORPORATION LIMITED ((NHC)) Downgrade to Neutral from Buy by Citi .B/H/S: 1/3/0

Citi downgrades New Hope to Neutral from Buy with a lower target price of $4.20 from $5.30. due to lower thermal coal price forecasts and earnings downgrades for 2025/2026 of -25%/-22%, respectively.

The broker has reviewed the 12-month outlook for global metals and mining. Citi envisages the most upside from 1Q 2025 levels for uranium and lithium carbonate, and the most downside for manganese and zinc prices.

Citi retains a bullish view on gold for the next three months, raising its forecast to US$3,200/oz from US$3,000/oz, and remains negative on oil for 2025, downgrading the Brent crude price forecast to US$6063/bbl.

Other price changes: copper up 4% to US$9,100/t, lithium carbonate down -8%, hard coking coal down -12% to $184/t, thermal coal down -12% to $105/t, and alumina down -23% to US$443/t.

PREMIER INVESTMENTS LIMITED ((PMV)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 3/3/0

Ord Minnett notes Premier Investments' 1H25 net profit missed expectations by -7% due to one-off costs, but retail EBIT was in line.

The Smiggle brand did well in Australia/NZ but disappointed internationally. The broker is optimistic about the future after the company said it will rebuild the management team and expand the product pipeline.

The company also indicated openness to M&A given a solid $268m cash position. Outlook for the company's UK operations, however, remains uncertain, the broker highlights.

The broker cut the FY26 EPS estimate by -3% on higher costs and weaker sales update for 2H. Target price trimmed to $23.60 from $26.15, and rating downgraded to Accumulate from Buy.

SOUTH32 LIMITED ((S32)) Downgrade to Neutral from Buy by UBS .B/H/S: 5/1/0

UBS lowers its target for South32 to $3.70 from $4.00 and downgrades to Neutral from Buy, suggesting the risk/reward balance is now fairly even as the company pivots from restructuring and cash returns toward organic growth.

The broker notes South32's growth pipeline, particularly Hermosa, is long-dated and offset by depletion at Cannington.

UBS also highlights forecast cash returns over the next two years are not compelling.

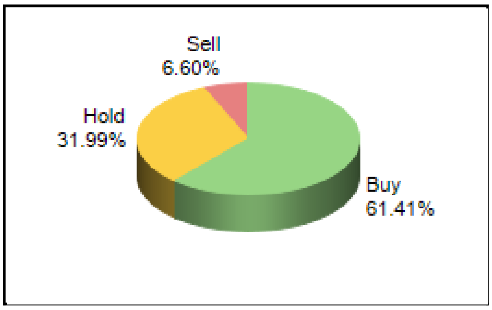
REJECT SHOP LIMITED ((TRS)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 0/3/0

Ord Minnett notes Reject Shop will be acquired by Canada's Dollarama for $6.68/share, which is a 112% premium to the last closing price.

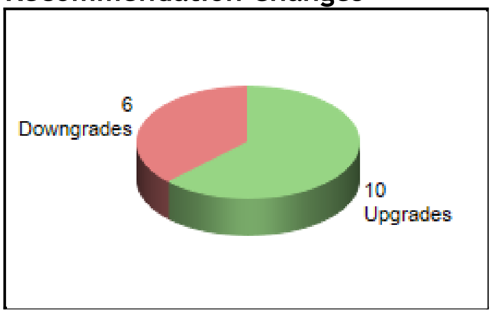
The company's board has recommended shareholders to vote in favor of the scheme of arrangement.

Target price lifted to the offer price of $6.68 from $5.00. Rating downgraded to Hold from Buy.

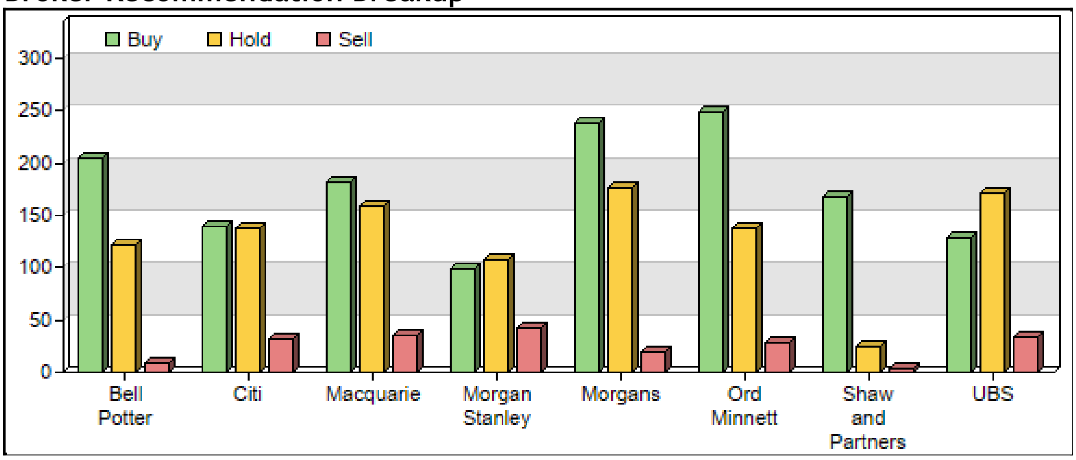
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	CATALYST METALS LIMITED	Buy	Neutral	Bell Potter
2	CLEANAWAY WASTE MANAGEMENT LIMITED	Buy	Neutral	Morgans
3	DETERRA ROYALTIES LIMITED	Buy	Neutral	Citi
4	FORTESCUE LIMITED	Neutral	Sell	UBS

5	HELIA GROUP LIMITED	Neutral	Sell	Macquarie
6	JAMES HARDIE INDUSTRIES PLC	Buy	Neutral	Morgan Stanley
7	NATIONAL STORAGE REIT	Buy	Neutral	UBS
8	PALADIN ENERGY LIMITED	Buy	Neutral	Macquarie
9	PRO MEDICUS LIMITED	Buy	Neutral	Morgans
10	RAMELIUS RESOURCES LIMITED	Buy	Neutral	Macquarie
Downgrade				
11	JAMES HARDIE INDUSTRIES PLC	Neutral	Buy	Macquarie
12	MEDICAL DEVELOPMENTS INTERNATIONAL LIMITED	Neutral	Buy	Bell Potter
13	NEW HOPE CORPORATION LIMITED	Neutral	Buy	Citi
14	PREMIER INVESTMENTS LIMITED	Buy	Buy	Ord Minnett
15	REJECT SHOP LIMITED	Neutral	Buy	Ord Minnett
16	SOUTH32 LIMITED	Neutral	Buy	UBS

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	TRS	REJECT SHOP LIMITED	5.720	3.967	44.19%	3
2	RMS	RAMELIUS RESOURCES LIMITED	2.580	2.447	5.44%	3
3	SIG	SIGMA HEALTHCARE LIMITED	2.825	2.688	5.10%	4
4	GOR	GOLD ROAD RESOURCES LIMITED	2.933	2.850	2.91%	3
5	REA	REA GROUP LIMITED	269.429	263.000	2.44%	7
6	PRN	PERENTI LIMITED	1.517	1.483	2.29%	3
7	SM1	SYNLAIT MILK LIMITED	0.920	0.900	2.22%	3
8	BAP	BAPCOR LIMITED	5.685	5.568	2.10%	4
9	A1M	AIC MINES LIMITED	0.757	0.743	1.88%	3
10	SFR	SANDFIRE RESOURCES LIMITED	10.592	10.458	1.28%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	CHN	CHALICE MINING LIMITED	2.913	3.350	-13.04%	4
2	CRN	CORONADO GLOBAL RESOURCES INC	0.830	0.920	-9.78%	5
3	JHX	JAMES HARDIE INDUSTRIES PLC	54.143	59.714	-9.33%	7
4	NHC	NEW HOPE CORPORATION LIMITED	4.413	4.688	-5.87%	4
5	PDN	PALADIN ENERGY LIMITED	10.564	11.171	-5.43%	7
6	AEL	AMPLITUDE ENERGY LIMITED	0.268	0.283	-5.30%	4
7	PME	PRO MEDICUS LIMITED	252.480	262.700	-3.89%	5
8	C79	CHRYSOS CORP. LIMITED	5.817	6.050	-3.85%	3
9	PMV	PREMIER INVESTMENTS LIMITED	26.617	27.625	-3.65%	6
10	SMR	STANMORE RESOURCES LIMITED	3.733	3.833	-2.61%	3

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	SM1	SYNLAIT MILK LIMITED	2.154	-33.261	106.48%	3
2	AEL	AMPLITUDE ENERGY LIMITED	0.800	0.700	14.29%	4
3	LYC	LYNAS RARE EARTHS LIMITED	7.367	7.050	4.50%	6
4	XRO	XERO LIMITED	133.887	129.279	3.56%	6
5	RMS	RAMELIUS RESOURCES LIMITED	33.133	32.267	2.68%	3
6	GOR	GOLD ROAD RESOURCES LIMITED	24.325	23.725	2.53%	3
7	FPR	FLEETPARTNERS GROUP LIMITED	33.025	32.375	2.01%	4
8	MIN	MINERAL RESOURCES LIMITED	-80.383	-81.886	1.84%	7
9	SPK	SPARK NEW ZEALAND LIMITED	14.171	13.959	1.52%	3
10	S32	SOUTH32 LIMITED	33.313	32.991	0.98%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs

1	CRN	CORONADO GLOBAL RESOURCES INC	-2.482	0.337	-836.50%	5
2	CHN	CHALICE MINING LIMITED	-3.000	-1.000	-200.00%	4
3	PDN	PALADIN ENERGY LIMITED	-4.061	4.263	-195.26%	7
4	LOT	LOTUS RESOURCES LIMITED	-0.650	-0.500	-30.00%	4
5	WDS	WOODSIDE ENERGY GROUP LIMITED	186.423	241.630	-22.85%	6
6	BOE	BOSS ENERGY LIMITED	4.486	5.714	-21.49%	7
7	ILU	ILUKA RESOURCES LIMITED	36.775	39.360	-6.57%	5
8	SMR	STANMORE RESOURCES LIMITED	13.510	14.364	-5.95%	3
9	NHC	NEW HOPE CORPORATION LIMITED	54.267	57.250	-5.21%	4
10	PMV	PREMIER INVESTMENTS LIMITED	118.980	124.920	-4.76%	6

Technical limitations

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

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WEEKLY REPORTS

Uranium Week: U3O8 Renaissance Meets Tariffs

Trump's tariffs remain a thorn in the side of uranium markets, without cooling longer term prospects for the industry.

-Tariff tensions cloud uranium outlook as spot prices slips
-Boss Energy leads on production and cost control
-Paladin and Lotus Resources in focus

By Danielle Ecuyer

Inertia and uncertainty remain

At the risk of sounding like a broken record, the U3O8 spot market continues to be in hibernation mode over tariff concerns.

The nuclear fuel supply chain is not immune from the potential reciprocal tariffs to be announced this week on April 2, depending on how and if the Trump Administration structures tariffs around uranium imports from both Canada and Europe.

General concern relates to the 25% tariff imposition inside the automotive industry and to what extent a similar size of tariff will or won't be extended to America's largest nuclear fuel trading partners.

A sizeable volume of UF6 and enriched uranium product is sourced and imported from Europe into the US, while Canada remains the largest exporter of U3O8 to the USA, after Kazakhstan.

Two U3O8 transactions were recorded in the spot market last week with the price slipping by -US$0.10 to US$64.00/lb, according to industry consultants TradeTech.

This brings the decline in the U3O8 spot price year-to-date to -15.7% and to -25.8% from a year ago. Both buyers and sellers remained on the sidelines awaiting further clarity around the impact of tariffs.

The TradeTech Mid-Term U3O8 Price Indicator came in at US$71/lb and the Long-Term Price Indicator at US$80/lb.

In other macro news, the US Department of Energy re-issued available funding of US$900m for proposals and applications to support the development and evolution of Generation III Plus small modular reactors (SMRs) in the US.

The funding is structured with US$800m to support two teams including utilities, reactor suppliers, construction companies, and end-users for the SMRs, and US$100m for looking at some of the challenges which are delaying growth in the US domestic nuclear industry across design, licensing, supply chains, and site preparation.

The US Secretary of Energy Chris Wright reaffirmed, **"America's nuclear energy renaissance starts now."**

Corporate news

Ord Minnett re-asserted the commentary from Australian uranium companies as they presented at the March 19 Mining Conference whereby **Paladin Energy** ((PDN)), **Boss Energy** ((BOE)) and **Lotus Resources** ((LOT)) provided updates and thoughts on the market.

Uncertainty over tariffs has resulted in a fall in the U3O8 spot price and a "lull" in activity for long-term contracting by utilities. The question marks around tariffs include which party will be liable, the miner or utility, and where the tariff and counter-tariffs will be imposed.

Several FNArena daily monitored brokers attended a site visit to Boss's Honeymoon project with consensus observation the mine operations are performing well.

Citi even went as far as to be impressed with the ongoing ramp-up, pointing to production and costs being on track to meet guidance at 850klbs (volume) and $37-$41/lb (cost), respectively.

Ord Minnett views the mine ramp-up as "not aggressive," allowing the company to undertake an orderly development of Wellfield, and with rising flows, it can bring on stream more IX columns.

Boss is the top uranium stock pick for Ord Minnett with a $4.70 target price and Buy rating.

Macquarie explains Wellfield B2 (wellfield is a network of injection and extraction wells used to recover uranium from underground ore bodies without excavation) is outperforming with a faster recovery of uranium at over 40% versus the assumed total recovery of 70%.

Wellfield B3 is on schedule for June production, and Wellfield B4 and B5 are coming on stream in the September and December quarters respectively, backed up by B6 and East Killaroo in March 2026 quarter.

Furthermore, Macquarie details IX column 1 and 2 are running at capacity, and column 3 is due to be operating at full capacity in the June quarter. Although there have been some drying issues, Macquarie observes management's guidance for drummed FY25 U3O8 of 270-290klbs, which infers June quarter production of 330-350klbs to meet FY25 guidance.

Post the site visit, the broker expects Boss to achieve an upgraded U3O8 production forecast of 892klbs. Ther shares are Buy-equivalent rated with a $4.50 target price, with the report highlighting the company has countered the industry trends around restarting dried uranium and is outperforming its peers.

Consensus target price for Boss sits at $3.857 with six Buy ratings and one Hold-equivalent.

<u>Paladin suffers more water issues</u>

Like rubbing more salt in the Paladin wound, management's latest update on the effects of the flood at Langer Heinrich was to withdraw FY25 production guidance for reaching maximum sustainable capacity.

Canaccord Genuity accordingly lowered FY25 production forecasts to 2.6Mlbs from 3.3Mlbs and FY26 estimate to 4.5Mlbs from 5.4Mlbs.

The forecast all-in-sustaining costs also rose on lower production.

The broker lowered its target price to $13.35 from $14.80 with a Buy rating retained.

Macquarie has chosen to look through the near-term travails of a 1-in-50-year wet weather event and instead focusses on the acquisition of Patterson Lake South via the Fission Energy deal.

The quality of assets has improved, and the fall in the share price alongside the discount in value relative to its peers allowed for an upgrade to Buy-equivalent from Neutral by Macquarie. Target price set at $8.25.

Other FNArena daily monitored brokers also inked production downgrades for FY25 with Ord Minnett expecting Paladin to rely on lower-grade stockpiles in the interim and Morgan Stanley stating maximum sustainable production is not expected to be reached until the end of 2025.

Consensus target price sits at $10.654 with all eight FNArena daily monitored brokers ascribing a Buy or equivalent rating.

Lotus Resources highlighted at the Ord Minnett mining conference mine production is due in the September quarter 2025 and management is seeking regulatory approval by May. The company is targeting sales to be secured with contracts and not in the U3O8 spot market. Ideally, some 30% would be fixed-price contracts.

The broker emphasises Lotus has a higher commitment to Letlhakane than previously viewed. The stock is ascribed a Speculative Buy rating and 20c target price.

<u>Short interest remains elevated</u>

As at March 25, the latest data available, Boss Energy ((BOE)) retained the highest short position on the Australian market at 24.46%, followed by Paladin in second position at 15.72%, and Deep Yellow dropped down the table to seventh from fifth at 11.63%.

<u>For an explanation on Boss's uranium mining, extraction and processing see details below:</u>

-Mining (Wellfields):
Uranium is dissolved underground using a leaching solution. The uranium-rich solution (known as pregnant liquor) is pumped to the surface.

-Processing (IX Columns):
The solution is passed through ion exchange (IX) columns, where resin beads capture the uranium.

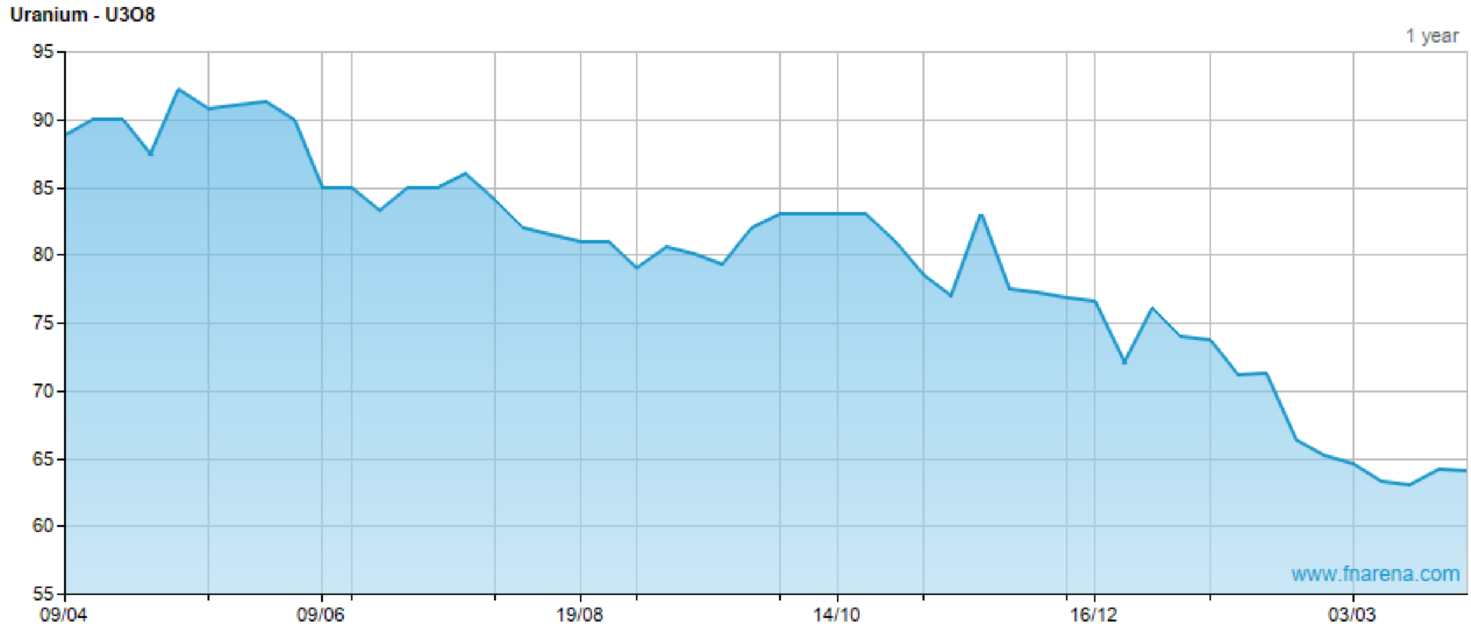
-Stripping & Precipitation:
Uranium is stripped from the resin and then chemically treated to form a precipitate, this is a concentrated uranium slurry.

-Drying:
The uranium slurry is dried in special drying and packaging units, converting it into solid U3O8 powder, this is what is meant by "dried uranium" or "drummed U3O8".

-Drumming:
The dried uranium is sealed in steel drums (usually 200-litre size) for transport and sale. Each drum contains a measured quantity of uranium oxide, often referred to in pounds (e.g. 290,000 lbs or 290klbs).

<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	28/03/2025	0.0500	0.00%	$0.12	$0.03			
AEE	28/03/2025	0.1400	▲ 3.45%	$0.20	$0.10			
AGE	28/03/2025	0.0300	▼-11.43%	$0.07	$0.03		$0.100	▲233.3%
AKN	28/03/2025	0.0100	0.00%	$0.04	$0.01			
ASN	28/03/2025	0.0600	▲19.23%	$0.17	$0.05			
BKY	28/03/2025	0.5400	▲ 8.00%	$0.62	$0.28			
BMN	28/03/2025	2.3600	▼- 0.83%	$4.87	$1.90		$7.400	▲213.6%
BOE	28/03/2025	2.4600	▼-11.87%	$5.99	$1.99	79.8	$3.857	▲56.8%
BSN	28/03/2025	0.0150	▼- 6.25%	$0.14	$0.01			
C29	28/03/2025	0.0500	▼-16.67%	$0.13	$0.03			
CXO	28/03/2025	0.0800	▲ 4.00%	$0.17	$0.07		$0.090	▲12.5%
CXU	28/03/2025	0.0100	0.00%	$0.05	$0.01			
DEV	28/03/2025	0.1000	0.00%	$0.45	$0.07			
DYL	28/03/2025	1.0200	▼- 8.07%	$1.83	$0.91	-3090.0	$1.777	▲74.2%
EL8	28/03/2025	0.2200	▼-12.50%	$0.62	$0.19			
ERA	28/03/2025	0.0020	0.00%	$0.06	$0.00			
GLA	28/03/2025	0.0100	0.00%	$0.03	$0.01			
GTR	28/03/2025	0.0030	0.00%	$0.01	$0.00			
GUE	28/03/2025	0.0700	0.00%	$0.13	$0.05			
HAR	28/03/2025	0.0600	▲16.07%	$0.14	$0.03			
I88	28/03/2025	0.1700	▼-32.14%	$1.03	$0.14			
KOB	28/03/2025	0.0600	0.00%	$0.18	$0.05			
LAM	28/03/2025	0.7200	0.00%	$1.04	$0.48			
LOT	28/03/2025	0.1700	▼-15.38%	$0.49	$0.16		$0.450	▲164.7%
MEU	28/03/2025	0.0400	▼- 6.67%	$0.06	$0.04			
NXG	28/03/2025	7.2300	▼- 0.38%	$13.66	$7.16		$15.700	▲117.2%
ORP	28/03/2025	0.0300	0.00%	$0.12	$0.03			
PDN	28/03/2025	5.2300	▼-17.25%	$17.98	$5.21	-130.7	$10.564	▲102.0%
PEN	28/03/2025	0.7100	▼- 5.52%	$2.70	$0.63		$4.810	▲577.5%
SLX	28/03/2025	3.6300	▼- 8.27%	$6.74	$3.35		$6.900	▲90.1%
TOE	28/03/2025	0.1900	▲ 5.56%	$0.52	$0.17			
WCN	28/03/2025	0.0200	▼-15.00%	$0.03	$0.01			



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WEEKLY REPORTS

The Short Report - 03 Apr 2025

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

Summary:

Week Ending March 27th, 2025 (most recent data available through ASIC).

10%+

BOE	23.92%
PDN	16.06%
PLS	12.51%
IEL	11.99%
MIN	11.94%
DMP	11.77%
DYL	11.58%
LTR	10.34%
LIC	10.15%

In: LTR
Out: CTT

9.0-9.9%

CTT	9.95%
LYC	9.55%
KAR	9.40%
SGR	9.21%

In: CTT
Out: LTR

8.0-8.9%

PNV	8.56%
MP1	8.36%
SLX	8.32%

In: PNV, SLX
Out: SYR, JLG

7.0-7.9%

RIO	7.57%
LOT	7.28%
TWE	7.25%
CTD	7.20%
GMD	7.15%

SYR	7.09%

In: LOT, CTD, SYR
Out: SLX, PNV, ADT, IGO, STX

6.0-6.9%

IGO	6.88%
STX	6.81%
WEB	6.60%
ADT	6.49%
BMN	6.34%
GYG	6.30%
NCK	6.19%
JLG	6.12%

In: IGO, STX, WEB, ADT, BMN, GYG, JLG
Out: LOT, CTD, CIA, NHC

5.0-5.9%

INR	5.91%
CIA	5.91%
CUV	5.79%
PWH	5.72%
FLT	5.61%
DRO	5.38%
WHC	5.29%
SFR	5.26%
ARB	5.20%
CHN	5.11%
AD8	5.07%

In: CIA, WHC, ARB, AD8
Out: WEB, GYG, IMU, BMN

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.6	0.6	NAB	0.7	0.7
ANZ	0.4	0.6	QBE	0.3	0.3
BHP	0.4	0.5	RIO	7.6	7.6
CBA	1.4	1.2	STO	0.7	0.5
COL	0.7	0.6	TCL	1.0	0.8
CSL	0.5	0.5	TLS	0.5	0.4
FMG	1.0	1.1	WBC	0.8	0.7
GMG	0.6	0.6	WDS	2.3	2.4
JHX	2.5	0.8	WES	0.5	0.5
MQG	0.5	0.6	WOW	1.1	0.9

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

Guide:

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

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

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

IMPORTANT INFORMATION ABOUT THIS REPORT

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

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

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

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

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

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

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

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

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WEEKLY REPORTS

In Brief: US Tariffs & ASX Companies, Plus More

Weekly Broker Wrap: early insights on US tariffs and Aussie companies; US exposed gaming companies, Aussie banks and Xero.

-Early assessment of US tariffs for ASX-listed companies
-US gaming revenue on track despite bad weather
-Why this cycle is different for Aussie banks
-Xero's FY25 results; it's all in the costs

By Danielle Ecuyer & Rudi Filapek-Vandyck

Quote this week is from Edward Luce at the Financial Times:

"Irrespective of whether Trump's trade war chaos is fleeting or gets worse, the diplomatic cost will be enduring. Countries will look to do the serious deals with each other and bypass America. In that sense Trump's transactionalism is self-defeating. Falling trust means fewer deals."

US Import Tariffs; Who's Impacted?

And on the first day after the US President sent a shockwave through global financial markets, analysts at RBC Capital have been quick on their feet in attempting to qualify what the impact from US import tariffs might be for **ASX-listed healthcare companies**.

Companies impacted include Ansell ((ANN)), Nanosonics ((NAN)), Cochlear ((COH)), Fisher & Paykel Healthcare ((FPH)), ResMed ((RMD)) and CSL ((CSL)) with companies ranked in order of potential impacts, from "high negative impact" (Ansell) to "minimal impact" (ResMed and CSL).

Ansell shares took a dfive in yesterday's trading session and RBC's early assessment explains why:

"The company has 14 manufacturing sites, with the largest plants in Malaysia, Sri Lanka and Thailand. ANN's largest geographic market is North America which has accounted for 42-45% of total sales. We estimate an unmitigated impact could be A$220m-$230m in FY26 (89%-94% EPS impact)."

The assessment for Nanosonics:

"The company manufactures its devices in Australia, whilst its main consumable revenues are manufactured by third parties in the US. We estimate an unmitigated impact to NAN could be A$4m-$5m in FY26 (15%-19% EPS impact)."

At this stage pharmaceutical products are not subject to the reciprocal tariffs, which explains why CSL should not suffer materially.

Another company in focus is Breville Group ((BRG)) where management had already started to shift product sourcing away from China, but Trump's tariff announcements revealed there is simply no escaping the extra levies.

RBC Capital notes in first instance Breville's target destinations will be subject to tariffs ranging from 25%-49%. The broker has reduced its target for the company to $30 from $32 and retained its Sector Perform rating.

One company that could well benefit is James Hardie ((JHX)) which, RBC Capital suggests, could find it easier to sell its siding into Canada (in current situation) but things are never this straightforward as the company will also be battling rising input costs.

Analysts at UBS, in their initial assessment, have zoomed in on Breville Group and Ridley Corp ((RIC)). Earnings forecasts for the former have been cut by -7% and -11% for next year and FY27. Neutral rating retained with a reduced price target of $33.10.

UBS is not quite sure what to make of it all for Ridley. Though two business areas have been identified for potential impact, the decision was made to not make any changes to forecasts, the Buy rating or $2.90 price target, for now.

Shaw and Partners, on the other hand, is taking a more positive approach, arguing *"Trump's new tariffs and U.S. reshoring drive create strong tailwinds for ASX-listed additive manufacturing stocks, with defence, shipbuilding, and industrial adoption offering near-term and structural growth opportunities."*

Enter: AML3D ((AL3)). Shaw rates this stock Buy, High Risk with a 40c price target.

One of the smaller companies on the ASX that is likely to suffer greatly from US import tariffs is online fashion retailer Cettire ((CTT)). No surprise, its share price tumbled almost by a quarter in yesterday's session.

Others that will feature prominently in the days ahead include ARB Corp ((ARB)), BlueScope Steel ((BSL)), Treasury Wines ((TWE)) and possibly Aristocrat Leisure ((ALL)) too.

Gaming revenues, a throw of the dice or not?

Macquarie views 2025 data thus far for US casino trends as "messy" due to one-off events such as the Las Vegas Super Bowl in 2024, adverse weather, and recent US Presidential changes and policy differences.

The US casino gaming revenue trends for February 2025 are generated from data collated across twenty-six jurisdictions with most US commercial casinos.

Gaming revenues came in at US$4bn, a decline of -5% on a year earlier for the month using the same amount of weekend days, with a leap year in 2024.

Regional gaming revenues, or 80% of the volumes, were US$3.3bn reflecting a fall of -3% on a year earlier, with adverse weather affecting both February this year and last year. Year-to-date growth for 2025 is up 1%.

Las Vegas gaming revenues, which represent 20% of volumes, fell -14% to US$690m, resulting from a decline in table down -27% and slots flat, with Super Bowl affecting the previous year. Year-to-date growth is up 3%, with slots also up 3%.

Gaming product revenue, which is available in twelve states, the analyst explains, and reflects 32% of total regional gaming revenues, slots fell -5% on a year earlier and year-to-date are down by -2%. Tables declined also by around -5% on the month and are weaker by -4% year-to-date.

Macquarie has chosen not to extend the recent trends to annualised growth rate assumptions, highlighting instead that usually US land-based gaming revenue is relatively immune to economic cycles and has an historically low correlation to US GDP.

The broker explains variable fee per day gaming operations whereby companies rent out the gaming machines, and receive a fee per day is linked to how much revenue the machine generates and are thus impacted by gaming revenues.

The outright sales of machines are not directly tied to day-to-day gaming revenue but is impacted if operators cut back on buying new machines.

Macquarie retains a Buy-equivalent rating on **Aristocrat Leisure** ((ALL)) and **Light & Wonder** ((LNW)) with target prices of $75 and $198, respectively.

Banks in an election cycle

In the run-up to May 3, we are no doubt going to receive more potential policy updates from both Labor and the Coalition, and this week, the latter flagged a reduction in the mortgage serviceability buffer if voted in to form government in May.

The serviceability buffer is the additional benchmark above the interest rate that banks must assess mortgage applicants against to establish whether they are suitable customers for loans.

According to JP Morgan, a reduction of -50bps in the buffer to 2.5% from 3% currently would boost the average borrowing capacity by 5%. The impact on lending growth is expected to be more subdued, as **CommBank**

((CBA)) infers only 10% of applicants borrow at their maximum capacity.

Other Coalition policies such as *"Super for Housing,"* where households can withdraw -$50k of their superannuation savings to contribute to a home deposit, may support the "top-up" to borrowing capacity.

JP Morgan estimates every 1% increase in mortgage lending adds 0.6% to cash net profit after tax for the major banks on average. However, the broker believes any upside will be offset by a flat outlook for net interest margins, the RBA cutting cycles, and ongoing mortgage competition.

Macquarie also cast an eye over the banking sector with a new research initiative referred to as *"Bankonomics,"* which observes and considers key macro data.

The overall economic backdrop remains "favourable," but the positive outlook has become more subdued since the 2022 highs. Credit growth across both housing and business remains sound, but there are indications of housing credit deteriorating or presenting a more mixed picture, which is typical of an economic slowdown.

Bad and doubtful debts remain modest and have not shown an uptick, inferring credit quality remains sound but has come off the 2023 levels.

Margins are likely to remain under pressure with solid competition in mortgage lending.

Macquarie's macro assessment anticipates economic growth to improve in 2025, but policy uncertainty and global trade headwinds remain an issue. Consumption should increase, albeit it is expected to stay below trend levels with softer business investment.

Government spending is to remain a significant source of economic growth.

There are indications that expectations around RBA rate cuts have and are flowing through to the housing market, with improved sentiment in February and March, including price and clearance rates rising. Further gains are likely with both Labor and the Coalition looking to housing policies that support demand.

Any loosening in the labour market is a positive for the banks with less pressure on wages growth, and the market is now looking for an additional three interest rate cuts from the RBA for a total of -100bps in 2025.

Overall, Macquarie believes this cycle is somewhat different. While rate cuts and an upturn in cyclical activity are usually a positive backdrop, in the current cycle the improved outlook is already discounted in bank share prices.

With the front-loading of expectations, the broker remains Underweight the banking sector.

Xero, dressed for success

Jarden homes in on an earnings preview for **Xero's (**(XRO)) FY25 results, highlighting the key "debating" point will centre around costs and operating cost growth.

Management has guided to operating costs as a percentage of revenue at 73% for FY25, which is higher than the 1H25 result at 71.2%. This was somewhat of a surprise to the market.

Since the half-year update, Xero has increased the company's headcount by 12%, as indicated on LinkedIn. The board raised remuneration for CEO Singh Cassidy, which is an estimated 0.5% increase in the operating expense ratio, the broker notes to 72.9% for FY25, a rise of 24% on a year earlier.

An operating expense ratio of 71.5% is forecast by Jarden for FY26 to account for Cassidy's equity grant and the new CFO's package.

With an expected lift in US marketing spend, the analyst lowers EPS forecasts by -3.2% for FY25 and -6.5% for FY26. Longer term, forex impacts should see EPS estimates rise.

Jarden reiterates an Overweight rating on Xero and raises the target price to $180 from $177. Although the stock is richly valued, the analyst believes there is **"asymmetric upside from potential US success."**

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 04-04-25

Broker Rating Changes (Post Thursday Last Week)

No changes in rating were recorded for individual ASX-listed companies for the period.

Order	Company	New Rating	Old Rating	Broker

Price Target Changes (Post Thursday Last Week)

Company		Last Price	Broker	New Target	Old Target	Change
ADT	Adriatic Metals	$4.12	Canaccord Genuity	4.75	4.90	-3.06%
AEL	Amplitude Energy	$0.18	Jarden	0.26	0.27	-3.70%
BOQ	Bank of Queensland	$6.58	Jarden	6.50	6.20	4.84%
PLT	Plenti Group	$0.85	Wilsons	1.46	1.50	-2.67%
SXE	Southern Cross Electrical Engineering	$1.73	Moelis	2.20	2.10	4.76%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

CAT CATAPULT GROUP INTERNATIONAL LIMITED

Medical Equipment & Devices Overnight Price: $3.52

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

Canaccord Genuity lifted the target price on Catapult International to $4.20 from $3.50 after the company's investor day boosted its confidence in the long-term strategy and long-term margin assumptions.

The company is eyeing a 10-fold increase in Annual Contract Value to US$1bn and a medium-term strategy to increase wearable teams to 5k from 3.5k currently.

Buy rating unchanged.

This report was published on March 28, 2025.

Target price is **$4.20** Current Price is **$3.52** Difference: **$0.68**
If **CAT** meets the Canaccord Genuity target it will return approximately **19%** (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 5.98** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 58.88**.

Forecast for FY26:

> Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 0.61** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 574.23**.

This company reports in **USD**. 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

LNW LIGHT & WONDER INC

Gaming Overnight Price: $151.31

Jarden rates ((LNW)) as Buy (1)

Jarden describes a fiercely competitive Australian gaming landscape, highlighted at the recent Australasian Hospitality and Gaming Expo.

Despite subdued conditions in Victoria and patchy performance in New South Wales, overall industry sentiment remains upbeat.

Aristocrat Leisure is defending its turf with a major cabinet refresh and multi-game jackpot innovations, the report highlights, while Light & Wonder is firing on all cylinders, boasting the highest number of top-performing titles and expanding its studio base across the region.

Light & Wonder retains a Buy rating, with the target price unchanged at $200.

This report was published on March 28, 2025.

Target price is **$200.00** Current Price is **$151.31** Difference: **$48.69**
If **LNW** meets the Jarden target it will return approximately **32%** (excluding dividends, fees and charges).
Current consensus price target is **$204.20**, suggesting upside of **45.9%**(ex-dividends)
The company's fiscal year ends in December.

Forecast for FY25:

> Jarden forecasts a full year **FY25** dividend of **0.00** cents and EPS of **938.38** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.12**.
>
> How do these forecasts compare to market consensus projections?
>
> Current consensus EPS estimate is **606.8**, implying annual growth of **6.0%**.
> Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
> Current consensus EPS estimate suggests the PER is **23.1**.

Forecast for FY26:

> Jarden forecasts a full year **FY26** dividend of **0.00** cents and EPS of **1085.99** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.93**.
>
> How do these forecasts compare to market consensus projections?
>
> Current consensus EPS estimate is **744.3**, implying annual growth of **22.7%**.
> Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **18.8**.

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

PDN PALADIN ENERGY LIMITED

Uranium Overnight Price: $5.42

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

Paladin Energy withdrew its FY25 production guidance and expectations for reaching maximum sustainable capacity following the impact on operations from the 1-in-50 year rain event at the Langer Heinrich mine.

Canaccord Genuity lowered the FY25 production forecast to 2.6Mlbs from 3.3Mlbs, and cut FY26 estimate to 4.5Mlbs from 5.4Mlbs. The broker also increased AISC cost on lower production rate and other costs to reflect repair work.

The analyst expects the company to meet sales commitments in the short term, noting also the rain event would be considered as force majeure.

Target price cut to $13.35 from $14.80. Buy maintained.

This report was published on March 28, 2025.

Target price is **$13.35** Current Price is **$5.42** Difference: **$7.93**
If **PDN** meets the Canaccord Genuity target it will return approximately **146%** (excluding dividends, fees and charges).
Current consensus price target is **$10.56**, suggesting upside of **102.8%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 4.29** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 126.28**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **-4.2**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **N/A**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **37.86** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.32**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **53.1**, implying annual growth of **N/A**.
Current consensus DPS estimate is **16.0**, implying a prospective dividend yield of **3.1%**.
Current consensus EPS estimate suggests the PER is **9.8**.

This company reports in **USD**. 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

RWC RELIANCE WORLDWIDE CORP. LIMITED

Building Products & Services Overnight Price: $4.47

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

In a note assessing Reliance Worldwide in the context of a -12% share price fall since the 1H25 result, Goldman Sachs highlights the valuation and solid balance sheet support the Buy rating.

The broker highlights the stock is trading at a discount when compared with its peers and also at a -21% discount to its FY26 EBIT estimate.

The broker forecasts 2% growth in 2H25 US sales and believes the UK plumbing and heating market may have bottomed. The broker also expects the company to manage tariff risks and potentially a competitive edge to some of its products.

Target unchanged at $6.

This report was published on March 27, 2025.

Target price is **$6.00** Current Price is **$4.47** Difference: **$1.53**
If **RWC** meets the Goldman Sachs target it will return approximately **34%** (excluding dividends, fees and charges).
Current consensus price target is **$5.65**, suggesting upside of **26.7%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** dividend of **9.20** cents and EPS of **29.13** cents.
At the last closing share price the estimated dividend yield is **2.06%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.35**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **32.3**, implying annual growth of **N/A**.
Current consensus DPS estimate is **9.7**, implying a prospective dividend yield of **2.2%**.
Current consensus EPS estimate suggests the PER is **13.8**.

Forecast for FY26:

Goldman Sachs forecasts a full year **FY26** dividend of **9.20** cents and EPS of **33.73** cents.
At the last closing share price the estimated dividend yield is **2.06%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.25**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **36.4**, implying annual growth of **12.7%**.
Current consensus DPS estimate is **11.1**, implying a prospective dividend yield of **2.5%**.
Current consensus EPS estimate suggests the PER is **12.3**.

This company reports in **USD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **0.6**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

AEL AMPLITUDE ENERGY LIMITED

Crude Oil Overnight Price: $0.19

Jarden rates ((AEL)) as Overweight (2)

Jarden notes a cost blow-out of more than 100% at the Minerva gas field, but the impact on Amplitude Energy is less pronounced as its interest is only 10%. In dollar terms, the company's share of cost overrun is -$24m.

The company will spread this over FY25 and FY26, and the broker highlights this reduces the valuation by -1c to 26c.

Target price cut to 26c from 27c. Overweight retained.

This report was published on March 31, 2025.

Target price is **$0.26** Current Price is **$0.19** Difference: **$0.07**
If **AEL** meets the Jarden target it will return approximately **37%** (excluding dividends, fees and charges).
Current consensus price target is **$0.26**, suggesting upside of **38.2%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Jarden forecasts a full year **FY25** dividend of **0.00** cents and EPS of **0.40** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **47.50**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **0.8**, 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 **23.8**.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **0.00** cents and EPS of **1.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **11.18**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **2.2**, implying annual growth of **175.0%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **8.6**.

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

MM8 MEDALLION METALS LIMITED

Gold & Silver Overnight Price: $0.27

Canaccord Genuity rates ((MM8)) as Initiation of coverage with Speculative Buy (1)

Canaccord Genuity has initiated coverage on Medallion Metals with a Speculative Buy rating and target price of 55c.

The broker believes the proposed acquisition of IGO Ltd's ((IGO)) Forrestania infrastructure presents a solid opportunity to achieve a faster production pathway and cash flow at low capital.

The broker's base case is a 500ktpa operation and doesn't factor in the upside production potential to 600ktpa and other brownfield opportunities from the Forrestania acquisition.

Capex assumption is -$75m with 50:50 blend of equity and debt financing, with the broker noting the company has already received offtake and development financing proposals.

Upcoming catalysts include drill results from KMC and Trilogy, and binding Forrestania terms in May.

This report was published on March 31, 2025.

Target price is **$0.55** Current Price is **$0.27** Difference: **$0.28**
If **MM8** meets the Canaccord Genuity target it will return approximately **104%** (excluding dividends, fees and charges).

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

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Petra Capital rates ((MM8)) as Buy (1)

Medallion Metals reported exceptional results from a drilling target at the Kundip Mining Centre, which further increases the company's gold production opportunity.

Petra Capital notes the mine's near-term gold development potential (early 2027) will provide significant benefits to the company.

Resource update is expected in June, leading to BFS with completion targeted in October.

Buy. Target unchanged at 31c.

This report was published on April 1, 2025.

Target price is **$0.31** Current Price is **$0.27** Difference: **$0.04**
If **MM8** meets the Petra Capital target it will return approximately **15%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Petra Capital forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 0.80** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 33.75**.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 1.10** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 24.55**.

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

PLT PLENTI GROUP LIMITED

Business & Consumer Credit Overnight Price: $0.81

Wilsons rates ((PLT)) as Overweight (1)

Wilsons points to three short-term catalysts for Plenti Group, with the key one being the start of the phase 3 partnership with National Australia Bank ((NAB)) for auto loans.

In this phase, the loans will be marketed to non-NAB customers, and the broker expects this will lift quarterly auto originations. Other catalysts include rate cut prospects and higher operating leverage as the loan book expands.

The broker expects the company's cost-to-income ratio to drop to 22% in FY26 from 34% in FY23.

The analyst updated numbers to reflect the 1H25 and 3Q result, and made some downward revisions to FY26-27 origination forecasts. Target drops to $1.46 from $1.50. Overweight maintained.

The coverage is now transferred to Lachlan Woods.

This report was published on April 1, 2025.

Target price is **$1.46** Current Price is **$0.81** Difference: **$0.65**
If **PLT** meets the Wilsons target it will return approximately **80%** (excluding dividends, fees and charges).
The company's fiscal year ends in March.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 1.60** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 50.63**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 3.30** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 24.55**.

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

WEEKLY REPORTS

Next Week At A Glance - 7-11 Apr 2025

For a more comprehensive preview of next week's events, please refer to "The Monday Report", published each Monday morning. For all economic data release dates, ex-div dates and times and other relevant information, please refer to the FNArena Calendar.

The week that was in Australian Finance:

-Looking past the penguin jokes circulating on social media platform X, due to Trump's tariff imposition on two small Antarctic islands whose only occupants are seals and penguins, the mood and the state of global markets turned definitively grim on Thursday.

-Trump and his passionate adoration for tariffs saw the President comparing the sweeping changes to those enacted in 1890 to make America great again. All asset markets adopted a different version of the move to change the world trade order, and by all accounts this is just the start.

-The RBA meeting and unchanged rates decision on Tuesday seems eons ago, and market pricing for a May rate cut has been elevated to a 97% chance of a -25bps cut, with a cumulative -97bps of rate cuts by year-end to an RBA cash rate of 3.1% post tariff announcements.

-The ASX200 is trading down almost -3% for the week, with the major selling over Thursday and Friday post Trump's Liberation Day announcements, which henceforth might be renamed "Liquidation Day", dixit Anthony Scaramucci.

-Stocks with high tariff risks like Amotiv ((AOV)) and Breville Group ((BRG)) are falling sharply on Friday as analysts try to digest the potential tariff impacts. Amotiv also provided a disappointing trading update with profit warning attached

-Fears of slowing global economic growth pressured energy and commodities, with Australia's energy sector down -11% and Materials falling over -6%. Defensive positioning picked up, with Healthcare and Consumer Staples sectors in the green for the week. Information Technology has not been immune from the Nasdaq sell-off, with the sector down -6.5%.

-As stated by Tony Sycamore at IG, "Overnight JPMorgan revised higher to 60% the chance of a global recession this year, up from 40%. As we have consistently noted this week, US equity markets are priced for a modest slowdown in growth and earnings but not for a recession. Should a recession occur in the US, US stock markets could easily fall a total of 30% from their February highs."

-If you are feeling just a little startled and shocked by markets, you are not alone. Trump's tariff announcements were far worse than expected, and only time will tell whether he negotiates and how major trading partners respond. This is America's Brexit moment, all wrapped up in global supply chain shocks, falling consumer and corporate confidence, with growing risks of recessions.

-Some wise words from Stephen Innes, managing partner SPI Asset Management, "Eventually, someone will step in and buy the dip. They always do. But trying to front-run that moment now? That's like standing in front of a freight train in full reverse. Stay nimble. Stay liquid. Don't trust the first bounce. And for goodness' sake, don't get caught chasing ghosts after all, we are barely through the opening act."

Have a great weekend from the FNArena team.

Corporate news in the week that was:

-Nine Entertainment ((NEC)) may use funds from the Domain Holdings ((DHG)) sale for acquisitions.

-Frasers Group will increase its stake in Accent Group ((AX1)) with a joint venture to grow Sports Direct in Australia.

-Insignia Financial ((IFL)) lost almost -$6bn in retirement savings to competitors with platform migration and adviser switching.

-HMC Capital ((HMC)) launched a takeover for Healthscope.

-Downer EDI ((DOW)) wins a NZ$600m Powerco contract for maintenance and repairs.

-The RBA and ASIC are reviewing the ASX ((ASX)) CHESS failure.

-Opthea ((OPT)) starts funding talks after a second trial failure for its eye disease treatment.

-Proprium's $369m buyout of AV Jennings ((AVJ)) is accepted.

-Virgin Australia is due to IPO in June, with a May capital raising.

-The NZ government is considering a deal for Kiwibank, which includes an equity investment of NZ$500m and a possible IPO down the track.

-Lendlease Group ((LLC)) has sold its UK construction business for $70m, exiting its international construction operations.

-Anacacia Capital is selling its stake in Force Fire to Southern Cross Electrical Engineering ((SXE)) for $53.5m.

-Kelsian Group ((KLS)) announced the sale of its tourism assets to reduce debt.

-Barrenjoey is reported to be advising Perpetual ((PPT)) on the sale of its wealth business for $2.2bn.

-Singapore's sovereign wealth fund, the GIC, is buying a 10% stake in Transgrid for $1bn.

-Galan Lithium ((GLN)) rejects a buyout worth $150m from Zhejiang Huayou Cobalt and Renault Group for its Argentine assets.

-Light & Wonder ((LNW)) is challenging Aristocrat Leisure's ((ALL)) new legal claim over Dragon Train, which alleges trade secret misappropriation.

-Region Group ((RGN)) is planning a share buyback for $100m.

-PointsBet Holdings ((PBH)) is disputing BlueBet Holding's ((BBT)) funding claims and competing takeover offer.

Corporate Calendar

Monday 7 April	Tuesday 8 April	Wednesday 9 April	Thursday 10 April	Friday 11 April
AU March ANZ job ads	AU March NAB bus survey	NZ RBNZ rate decision	JP March PPI	NZ March Manu PMI
JP Feb earnings	JP Feb BoP	US March FOMC minutes	CH March PPI, CPI	UK Feb GDP
EZ Feb retail sales	JP Feb Trade bal	**SCG** AGM	US March CPI	US April University of Michigan sentiment
US Feb consumer credit	US March NFIB	**CLV** ex-div 0.75c (100%)	**ABB** investor briefing	US March PPI
SHJ ex-div 1.5c (100%)	**BKW** ex-div 25c (100%)		**NWL** 3Q Qtr update	**AMP** AGM
			STO AGM	
			COS ex-div 1c (100%)	

For a calendar of earnings result releases and a summary of earnings results to date, refer to FNArena's *Corporate Results Monitor* (https://fnarena.com/index.php/reporting_season/)

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