WEEK 21

FNArena
FINANCIAL NEWS, ANALYSIS & DATA

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Friday, 22 May 2026

| Brambles' Cost Recovery Challenge

| Aristocrat's Ongoing Double-Digit Growth Promise

| Rudi's View: Focus On El Nino

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AUSTRALIA

The Market In Numbers - 16 May 2026

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	16 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
NZ50	12965.010	-1.59%	0.48%	0.41%	-4.31%	2.87%
All Ordinaries	8870.60	-1.22%	-0.19%	2.15%	-1.68%	1.11%
S&P ASX 200	8630.80	-1.30%	-0.40%	1.76%	-0.96%	1.04%
S&P ASX 300	8571.20	-1.29%	-0.33%	1.90%	-1.28%	1.15%
Communication Services	1733.60	-0.18%	0.63%	2.44%	-0.41%	-6.44%
Consumer Discretionary	3367.70	0.75%	-1.14%	0.05%	-15.66%	-18.71%
Consumer Staples	11435.30	-2.54%	-4.95%	-8.83%	-1.57%	-5.64%
Energy	10495.50	2.66%	-5.14%	-7.67%	25.46%	20.98%
Financials	9102.60	-4.32%	-4.75%	-2.02%	-2.50%	-4.47%
Health Care	22648.50	-8.06%	-10.55%	-18.31%	-32.97%	-45.56%
Industrials	8185.60	0.07%	2.38%	4.00%	-2.85%	-1.60%
Info Technology	1748.80	-2.30%	-0.81%	12.33%	-18.82%	-39.71%
Materials	24584.90	1.75%	8.30%	12.93%	16.40%	55.03%
Real Estate	3591.80	1.49%	1.52%	9.77%	-9.44%	-7.87%
Utilities	10167.10	1.35%	-2.63%	-2.96%	5.27%	11.22%
A-REITs	1665.30	1.62%	1.72%	10.45%	-8.79%	-7.01%
All Technology Index	2782.80	-1.66%	-0.38%	9.33%	-18.07%	-31.19%
Banks	3843.60	-6.61%	-7.22%	-6.59%	-5.53%	-4.45%
Gold Index	17216.10	-2.39%	3.05%	3.35%	-7.80%	48.96%
Metals & Mining	8547.70	1.66%	8.43%	13.42%	17.63%	63.72%

The World

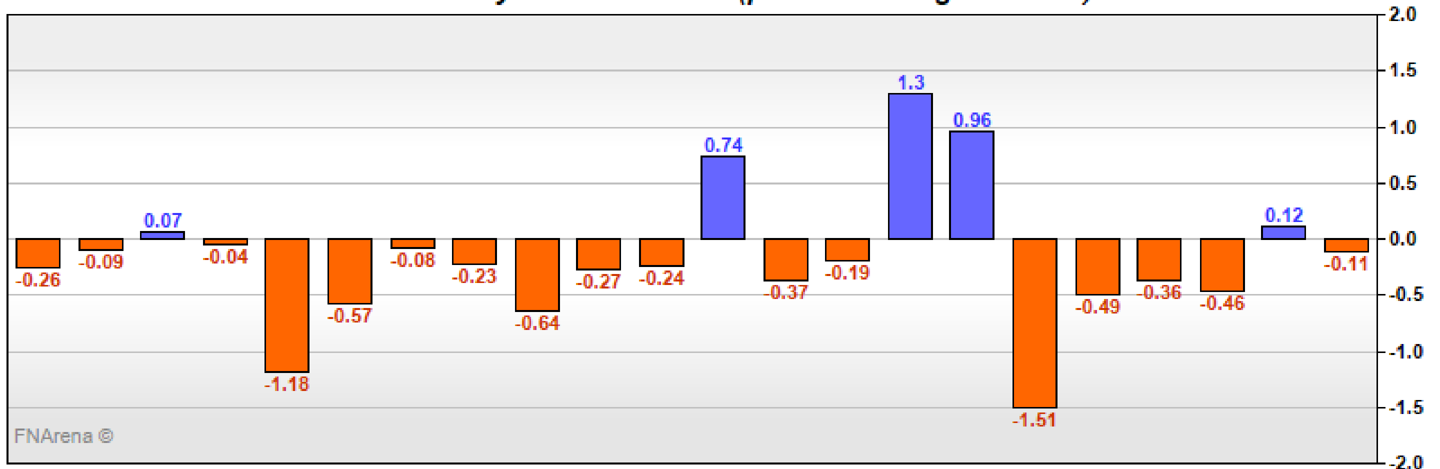
Index	16 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
FTSE100	10195.37	-0.37%	-1.77%	0.19%	2.56%	16.37%
DAX30	23950.57	-1.59%	-1.41%	5.60%	-2.20%	0.17%
Hang Seng	25962.73	-1.63%	0.72%	4.74%	0.42%	7.85%
Nikkei 225	61409.29	-2.08%	3.58%	20.26%	21.99%	51.68%
NZ50	12965.010	-1.59%	0.48%	0.41%	-4.31%	2.87%
DJIA	49526.17	-0.17%	-0.25%	6.87%	2.40%	12.32%
S&P500	7408.50	0.13%	2.77%	13.48%	7.43%	19.40%
Nasdaq Comp	26225.15	-0.08%	5.35%	21.47%	11.98%	28.75%

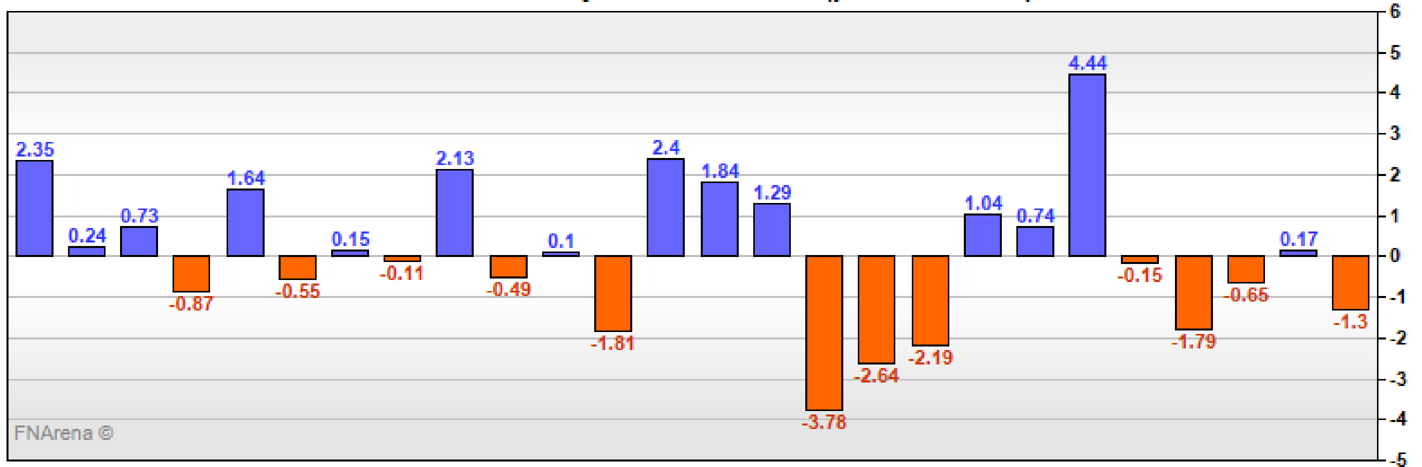
Metals & Minerals

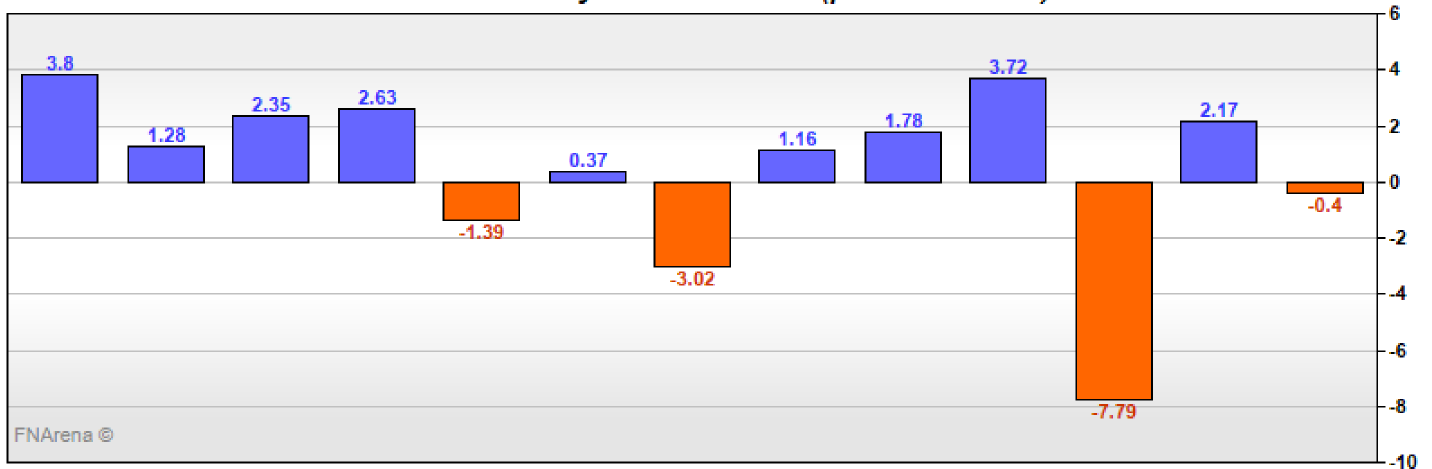
Index	16 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
Gold (oz)	4655.35	-0.87%	2.16%	2.58%	6.13%	40.97%
Silver (oz)	84.02	6.47%	16.99%	19.84%	7.83%	132.07%
Copper (lb)	6.5805	7.45%	10.96%	19.98%	15.81%	29.14%
Aluminium (lb)	1.6574	4.87%	4.93%	6.46%	23.92%	40.55%
Nickel (lb)	8.5821	0.48%	-1.84%	11.24%	14.62%	25.85%
Zinc (lb)	1.6264	3.87%	8.10%	12.00%	16.70%	28.82%
Uranium (lb) weekly	86.25	0.00%	0.00%	3.60%	5.18%	9.66%
Iron Ore (t)	111.12	0.15%	3.71%	4.51%	3.72%	17.60%

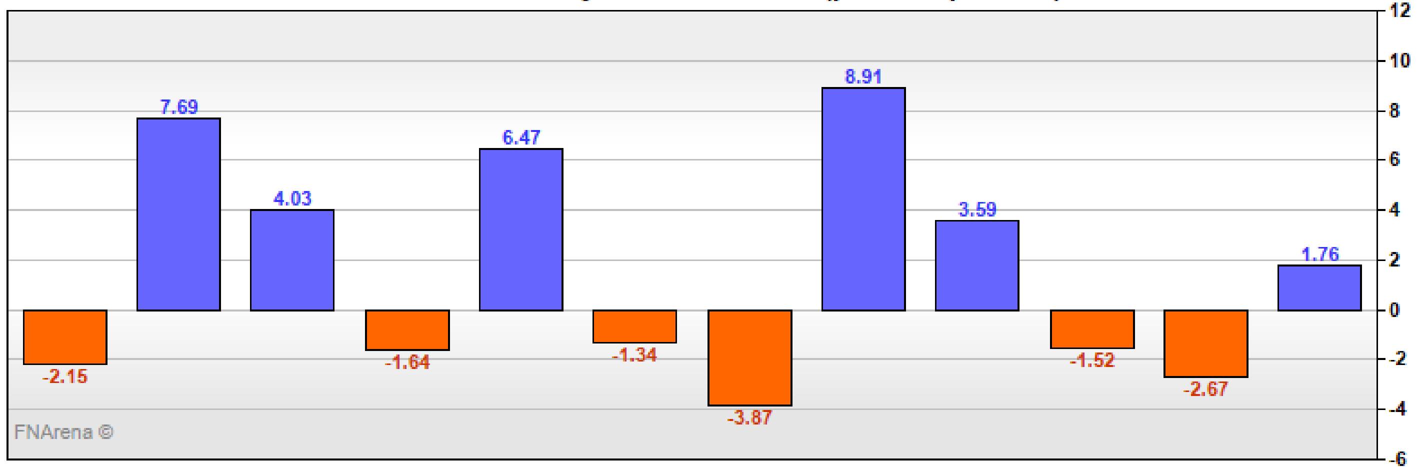
Energy

Index	16 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
West Texas Crude	102.02	4.37%	-5.60%	-2.82%	77.67%	55.71%
Brent Crude	106.56	3.05%	-5.24%	-1.95%	75.12%	59.52%









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

Plenty Of Questions Surround Life360's Outlook

Life360’s strong first quarter revenue and earnings were not enough to dispel market concerns around monthly active users.

- **Life360’s first quarter marked a fourth miss in five from monthly active users**
- **Revenue and adjusted earnings ‘beat’ consensus forecasts**
- **Market's focus remains on monthly active users (at least for now)**
- **Current share price presents an asymmetric risk profile, Macquarie suggests**

By Mark Woodruff

life360's growth profile is maturing, creating lots of volatility in the share price

A recurring theme in recent reporting by family safety and location-sharing company Life360 ((360)) has been strong underlying growth, offset by market disappointment over slowing growth in monthly active users (MAU).

Back in FY22, when MAU growth significantly outpaced subscription growth, concerns were raised around monetisation.

Now, with subscription growth exceeding MAU growth, Morgan Stanley explains the focus has shifted to the sustainability of overall growth.

Following third quarter results last November, Bell Potter was relaxed on softer MAU trends, viewing them as a function of deliberate marketing changes. Improved conversion (Paying Circles as a percentage of MAU) was noted as evidence of stronger monetisation.

Offshore investors were more focused on headline subscriber growth rather than the company’s improving monetisation metrics, Ord Minnett protested.

After FY25 results in March, this broker highlighted market scepticism around guidance of circa 115m MAUs in 2026, given management pointed out year-on-year growth for MAUs in the March quarter would come in lower than the 20% growth rate needed to achieve the full year target.

At the time, management stated MAU growth would be “more back half weighted due to product-led growth investments and scaled marketing in new geographies”, which suggested a significant increase in member engagement was on the horizon.

The first quarter result

As the saying goes, it felt “like deja vu all over again” when Life360’s share price fell around -11% following its first quarter result, after technical issues in the MAU registration funnel limited onboarding of new Android users.

RBC Capital notes this marks **the fourth MAU miss in the past five quarters**.

Fortunately, Life360 delivered a solid overall quarterly result, in Canaccord Genuity’s view, with revenue and adjusted earnings exceeding consensus forecasts, though MAUs came in around -1% below expectation.

By the close of trade on Friday, the share price had bounced back nearly 5%.

RBC points out the divergence between financial performance and user metrics is likely to reinforce market concerns the company may be entering “harvest mode”, prioritising the maximisation of profitability from a structurally declining business.

A re-acceleration in growth is seen as the only way to dispel these concerns.

First quarter metrics

Revenue and adjusted earnings of US$143.1m and US$17.1m were respectively 4% and 14% above consensus forecasts.

Total revenue rose around 38% year-on-year driven by subscription revenue growth of 32% to about US$108.2m.

The key positive from the result, according to Bell Potter, was strong Paying Circle growth of 201,000 quarter-on-quarter, more than double the broker’s own forecast of 99,000 and well above consensus of 109,000.

Paying Circles net additions were supported by improved funnel conversion, which management attributed to AI-driven onboarding enhancements, alongside continued strength in international markets.

Citi believes Paying Circle conversion momentum is likely to remain strong as Life360 leverages AI to deliver additional value to customers, while the Pet Tracker product is attracting a younger paying demographic, supporting stronger lifetime value outcomes.

Hardware revenue declined -49% to US$4.5m, while advertising revenue more than tripled to US$19.7m.

Macquarie believes the integration of the recently acquired advertising business Nativo Inc is tracking well.

The combination of Life360’s first-party family location data with Nativo’s buy- and sell-side infrastructure is enabling new forms of advertiser engagement, Canaccord highlights, including smaller initial campaigns that can scale into larger, longer-term relationships.

The company highlighted Starbucks as a key partner, attracted by the scale of Life360’s location data and its ability to support closed-loop measurement.

Management slightly upgraded 2026 revenue and operating earnings guidance.

Given the continued momentum in subscription revenue, Citi views the upgraded revenue guidance as conservative and sees potential for further upside to margins.

Margins

Management is targeting long-term earnings margins of 35%. RBC notes consensus estimates currently assume the company will achieve this target by FY31, with margins reaching 35.6%.

The 2026 earnings margin expectation remains unchanged at 20%; however, RBC notes management is guiding to Q2 margins of 16% versus consensus expectations of 18%, with sequential improvement anticipated through Q3 and Q4.

The second-half weighting is expected to be driven by advertising revenue seasonality and front-loaded integration costs on top of brand advertising spend.

Softer hardware revenue is expected following the exit from the bricks and mortar retail channel.

The MAU outlook

FY26 MAU growth guidance was reduced to 17%-20% from 20% to reflect a more gradual recovery in Android-heavy international markets.

Management expects growth to reaccelerate in the second half as technical fixes take effect and as new go-to-market campaigns in Germany, Mexico and Brazil gain traction.

Ord Minnett highlights execution risk around the updated guidance, noting March-quarter MAUs rose 17% year-on-year to 97.8m, below expectations for 18% growth to 98.9m.

The lower end of 2026 guidance implies around 112m MAUs, requiring roughly 5m net additions in both the September and December quarters to achieve 17% growth.

The MAU registration issues were largely resolved by April and were confined to lower-end Android devices, implying to Macquarie a greater impact on International markets.

Creating a secondary headwind to MAU growth, management indicated Google Play reduced the Life360 app's rankings during the period due to these technical issues.

With Paying Circles growth accelerating even amid softer MAUs, Macquarie expects resolution of technical headwinds in April will support further growth through the remainder of FY26.

Ord Minnett believes the broader market will eventually shift its valuation focus for Life360 away from MAUs toward revenue, operating earnings and growth in paying circle (higher-value users subscribing to premium features) though this is not yet reflected in current investor sentiment.

Overall Outlook

According to the analyst at Macquarie, **the current Life30 share price presents an asymmetric risk profile**, reflecting a mature subscription growth base while offering upside through emerging advertising opportunities.

Buy-rated Bell Potter reduces its EV/EBITDA multiple to 30x from 35x and lifts its assumed weighted average cost of capital (WACC), reflecting a more conservative stance amid ongoing weakness in the technology sector.

The net result is an -8% reduction in this broker's target price to $32.50.

Following the quarterly result, the average target of the six daily monitored brokers conducting research on Life360 fell to $30.34 from $31.60, implying around 64.5% upside to Friday's $18.44 closing share price.

UBS covers the stock via its Nasdaq listing and has lowered its price target to US$65.

All brokers have Buy or equivalent ratings.

Outside daily coverage, Canaccord Genuity lowers its target to US$72.00 from US$94.00. [The Nasdaq-listed shares are CHESS Depositary Interests (CDIs), where 1 Nasdaq CDI equals 3 ordinary ASX shares].

While retaining an Outperform rating, RBC Capital lowers its target by -$6.00 to $30.00.

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

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AUSTRALIA

AI Anxiety Continues Post Xero’s Strong Result

Xero’s strong FY26 result highlighted accelerating US growth, Melio momentum and expanding AI capabilities, while investor concerns around AI disruption and competition weighed on sentiment.

- **Claude Small Business announcement reignites software disruption fears**
- **US delivers robust results including Melio and the payments strategy**
- **Accountants remain Xero’s underestimated advantage, and moat**
- **Analysts argue the AI de-rating has gone too far**

By Danielle Ecuyer

Xero's growth is underpinned by innovation and AI

Did Claude and AI rain on Xero's earnings parade?

Disruption and change are an inherent part of technological development and evolution.

Arguably, as FNArena has written over recent years, AI is the largest and most transformative mega-trend since the internet (and possibly much more influential too).

As with most predictions and narratives, future outcomes are never set in stone or even straightforward.

Xero's ((XRO)) full year results, broadly viewed as strong among sector analysts, coincided with the overseas announcement of "Claude for Small Business", again setting the proverbial 'cat amongst the pigeons' when it came to AI-related fears around disruption and displacement inside the software sector.

As highlighted by Citi, Anthropic's 'Claude for Small Business' announcement "overshadowed" Xero's robust product execution, particularly the Ultra launch, Xeroforce (AI agent), and accelerating momentum in US growth.

More specifically, the inclusion of QuickBooks as one of the partners for Claude's new small business offered heightened concerns among some observers.

QuickBooks is part of US competitor Intuit's stable. Citi believes the reference reflects the product's strong brand awareness and market position in the US, rather than Xero not being available as one of the connectors.

Xero's 'model context protocol' (MCP) integration, which allows AI systems such as Claude to connect to its accounting software, only went live the day before the announcement.

Xero also has commercial arrangements with Anthropic, Claude's parent company.

Xero's earnings; what's not to like?

Taking a deeper look into the financial results, multiple positive readings were extrapolated for the more studious or investigative investor.

Macquarie et all commended Xero for the achieved growth in US revenue, up 47% y/y in FY26, including growth in net adds to 58,000 compared to 47,000 in the prior period.

Positively, the organic growth trend (ex-Melio) accelerated to around 30% in FY26 from circa 25% in FY25 and circa 13% in FY24. Citi notes US growth gained momentum to 34% y/y over 2H26, including record subs of 42,000, inferring the "product-market fit" is starting to gain traction.

Melio also achieved robust pro forma growth, up 58% y/y, boosted by around 7% growth in Xero BillPay total payment volume and around 20bps of take-rate expansion.

Importantly, as explained by the analyst, every incremental 10bps of take rate equates to around NZ$7.3m of gross profit, which scales over an essentially fixed cost base.

Citi emphasised Melio's revenue growth of 54% y/y in 2H26 was more robust than expected, with syndicated revenue, around 40% of the total, equally accelerating and direct payments up 46% y/y.

The pick-up has also been achieved before any scheduled brand investment and with minimal go-to-market integration.

The latest Melio results have prompted management to allocate an "incremental US brand spend of up to -NZ$55m".

While the amount is smaller than anticipated, it does reinforce the upside potential in the US market, which is viewed positively.

The significant valuation and stock de-rating of Xero post the NZ$5bn Melio acquisition and AI disruption concerns has, for now, gone too far according to Morgan Stanley.

The broker sees vindication of that statement in the latest results.

Stripping back the financial metrics to the underlying trends, Morgan Stanley points to the growth potential across all of Xero's geographies.

Positive underlying growth trends

The core Australian and New Zealand market's TAM (total addressable market) stands at AU$1.3bn to AU$1.5bn in FY26 and is expected to advance at around 10% p.a. growth to FY30.

Xero holds an estimated 75% market share.

The UK small and medium enterprise (SME) market's TAM is around 2-3 times larger than Australia's and worth an estimated AU$3.5bn to AU$5bn in annual revenues, with Xero at a 30% market share.

Bear in mind, the UK's 'Making Tax Digital' program is a significant tailwind, with Xero's accounting software linked to clients interacting with His Majesty's Revenue and Customs.

Meanwhile, the total addressable market for US small and medium sized enterprises is estimated at AU$10bn to AU$20bn in annual revenues, with Xero holding an estimated 5% share.

The upside potential for Xero overseas, and specifically in the US market, remains a key factor for analysts. So, at least from the FY26 results, the enthusiastic response to the US performance is hardly surprising.

Citi forecasts Melio to grow 38% y/y in FY27, assuming syndicated growth of 47% y/y and direct growth of around 30% y/y. Citi sees upside potential for the syndicated growth assumptions due to Fiserv (a syndicated partner) acknowledging an inflection point for CashFlow Central usage and implementations.

Morgans sees Melio as on track to becoming earnings (EBITDA) positive in 1H29. Importantly, as revenue growth accelerates, the business becomes more of an earnings growth story than a cost proposition.

Looking at other key geographies, Citi liked the pick-up in product momentum in Australia. The launch of Ultra, a software offering pitched at larger and more complex small and medium sized businesses which are outgrowing standard accounting software packages and do not want ERP software, is viewed positively.

Management noted the early customer feedback has been "very strong".

Overall, Xero reported subscription growth of 11% y/y to 4.9m, which beat Morgans' expectations as well as market consensus. UK subs grew 110,000 h/h to 1.3m, above estimates by 83,000.

As noted by RBC Capital, group average revenue per user lifted 31% y/y, a 13% beat to consensus, while churn lifted slightly to 1.14% against consensus expectations of 1%.

Net adds for subscribers rose 454,000 on the prior year and represented the fastest growth in two years.

AI integration

Turning to the question of AI integration, Xedro's new customer AI agent builder, XeroForce, was announced alongside the ongoing expansion of AI capabilities through partnerships like Claude.

Macquarie points out customer usage of AI is growing, with 513,000 using the new GenAI features as at FY26. The number of JAX (Just Ask Xero) messages per customer also lifted by 115% over the financial year.

Internally, AI use is also accelerating, with 83% of employees using AI daily, including 97% of engineers, which Macquarie stresses is resulting in "material productivity gains", including reducing a timesheet product rebuild to ten weeks from around six months.

For FY27, Ord Minnett noted guidance for revenue and earnings growth (EBITDA) was ahead of, or in line with, consensus forecasts. Broadly speaking, analysts concurred the guidance could well prove to be conservative.

As articulated by the Morgans analyst, the "key question for Xero remains, is AI more an opportunity or threat?"

Morgan Stanley tackles the issue head on. While accepting the de-rating of software stock valuations given the level of uncertainty, as well as adjacent impacts from increased spending on AI enhancements and the debate around longer term earnings and terminal values, this broker argues the market is overlooking one key factor.

Which is Xero's important, and often underestimated or unacknowledged, relationship with accountants rather than just end users.

Around 90% of Australian and New Zealand small and medium sized businesses have an accounting relationship, and over 50% of Xero's new subscribers are referrals from accountants, bookkeepers, and advisers.

In the FY26 annual report, the net promoter score with accountant partners was 52, up from 50 in the prior year.

Arguably, for competitors the issue is much more challenging than simply creating a cheaper ledger or user interface, so goes the argument.

If, however, AI disruption lowers the role of the accountant in workflows, then Xero might be more vulnerable.

Equally, the relationship helps support the development of new products for accountants, as well as boosting subscriber growth.

Elevated target prices

Morgan Stanley maintains AI disruption fears are overdone and remains “fundamentally positive” on the stock, retaining an Overweight rating and $130 target price.

Re-rating potential is possible as Xero achieves the aspirational growth targets management has discussed around Melio and a return back to the Rule of 40.

Ord Minnett has downgraded its target price to $110 from $150 to reflect investor concerns around AI and technological disruption, while acknowledging strong core growth.

Management continues to “demonstrate strong operational momentum despite a more cautious backdrop”, Ord Minnett observes. Buy.

Citi also finds the valuation attractive, with the stock trading on a 2-year forward PER of 26x, a PEG ratio of 0.6x (below 1 is considered attractive), and a free cash flow yield of 5%.

A Buy rating is reiterated with a higher target, up 1% to $113.60.

Morgans raised its earnings (EBITDA) forecasts post the results by 5% for FY27 and 15% for FY28. Its target price is unchanged at $111 with a Buy rating.

RBC Capital is Neutral rated with a $155 target, while Macquarie has the highest target price of $235.80 alongside an Outperform rating.

The latter broker believes management has offered conservative guidance with a “clear path to Rule of 40 by FY28”.

The stock is trading on 13x FY28 earnings (EBITDA) while growth is gaining momentum and operating leverage is an opportunity.

Six of the daily monitored brokers cover Xero and all have a Buy or equivalent rating with price targets set at least 39.50% above the current share price. The latter serves as an indication of how severe the de-rating has been since mid-last year.

Jarden equally rates the shares a Buy with a price target of $117.

FNArena's consensus price target has post result settled at $137.90, circa 75% above the share price at the time of writing this story ($78.80).

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The author owns Xero shares.

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

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AUSTRALIA

Brambles' Cost Recovery Challenge

While Brambles faces network disruption and repair constraints delaying margin recovery, some analysts believe these issues will prove temporary.

- **Subcontractor exits trigger network disruption for Brambles**
- **Repair constraints may delay a potential margin recovery**
- **Measures to improve service levels and pallet availability**
- **As forecasts and target prices fall, two brokers downgrade their rating**

By Mark Woodruff

Brambles' outlook takes a hit as pallet repairs are constrained

Brambles ((BXB)), the world's largest pallet pooling operator, has historically demonstrated a strong ability to recover higher operating costs through pricing, even during weaker macroeconomic conditions.

Against this backdrop, management has been increasingly highlighting the need to improve pallet quality. Now this challenge has been exacerbated by network disruption tied to subcontractor capacity constraints in pallet repair operations.

This week's trading update update by management revealed two service centre subcontractors representing around 10% of volumes have decided to exit the network.

Central and Northeast markets in the US have been impacted, limiting CHEP's ability to utilise the circa 4m pallets currently sitting unrepaired in storage.

In addition, ongoing cost-of-living pressures and broader economic weakness continue to weigh on demand conditions across Europe, Morgans observes.

Left with no other choice, management downgraded FY26 earnings (EBIT) growth expectations to 3%-5% from

8%-11%.

The share price cratered by around -20% on the day.

RBC Capital explains Brambles was a relatively crowded trade prior to the update and the market is now expected to adopt a more conservative stance on FY27 until management can demonstrate the cost headwinds have been resolved and outline a clear recovery pathway.

This time around, Macquarie believes Brambles will be unable to recover the additional contractor-related costs through pricing in the near term.

The Brambles business

Brambles operates a network of reusable pallets, crates and containers across more than 60 countries, primarily under the CHEP brand.

Macquarie highlights Brambles plays a critical role in global supply chains, working closely with manufacturers, producers, growers and retailers.

The company's largest end markets are fast-moving consumer goods (FMCG), beverages and fresh produce, which collectively contribute more than 75% of group revenue.

Geographically, Brambles has its greatest exposure to North America and Western Europe, which together account for more than 90% of revenue.

Current contractor issues are expected to cost around -US$60m in FY26, including approximately -US$40m in additional supply chain expenses, with the balance reflecting customer mix and volume impacts.

Management aims to spend a further -US$60m to purchase around 2m new pallets in the June quarter "to support customer service continuity" and expects "further purchases in the first half of FY27, subject to demand".

More takeaways from the trading update

Morgan Stanley views improving demand conditions in the second half of FY26 as encouraging and continues to regard current operational pressures as cyclical, with pricing expected to ultimately offset margin compression over time.

RBC adds Brambles experienced "higher than anticipated customer demand" from April, with management noting on the analyst call that organic growth would have been positive year-on-year absent the Service Centre disruptions.

This broker also highlights net new business momentum is ongoing, with sales teams expanding into regions unaffected by the operational issues.

Prior to the trading update, RBC believes the market's major concern focused on ongoing momentum for organic volume growth (which was confirmed) along with net new wins into the June quarter.

Management reaffirmed its FY28 margin expansion target of 300 basis points relative to FY24 and expects current fuel and transport inflation pressures to be progressively recovered through pricing over time.

Jarden remains more cautious than management given several unresolved risks.

These include limited visibility around the extent of cost carryover into FY27 and the potential for structurally lower margins in CHEP Americas as collection and repair functions are increasingly brought in-house.

Uncertainty around the group's ability to recover higher servicing costs through pricing while maintaining industry pricing discipline is seen as yet another risk.

Subcontractor issues

Morgans explains issues are driven by high turnover at service centres, labour shortages and elevated supply chain costs, including higher repair, handling, transport and storage expenses.

Higher pallet relocation and transport costs during a period of elevated fuel prices are being compounded by rising labour expenses as Brambles adds shifts and increases wage rates to expand repair capacity across the network

Management expects US pallet repair capacity constraints will prove temporary, targeting resolution by the end of December 2027, with improvement initiatives already underway.

While the company expects costs to be recoverable over time through contractual mechanisms, the issues appear material to Macquarie and unlikely to be resolved quickly.

Mitigating measures

To improve service levels and pallet availability, Brambles has increased pallet relocations, expanded repair capacity and purchased the above-mentioned 2m pallets in a supply-constrained market.

Macquarie expects network normalisation will extend to FY28, delaying the anticipated margin expansion trajectory.

While FY26 constant-currency revenue growth guidance has been reduced to 2%-3% from 3%-4%, it's noted ongoing new business wins in the US and Europe continue to provide support.

Capital Management

The company also announced a new US$400m share buyback alongside narrowed FY26 free cash flow (FCF) guidance of US$1.0bn-US$1.1bn, from a prior range of US$950m-US$1.1bn.

While the additional buyback is positive, RBC explains it largely brings forward capital management the market had expected alongside the FY26 result this coming August.

Outlook

Given elevated near-term earnings risks, Morgan Stanley believes a multiple-based valuation approach is more appropriate than a blended methodology incorporating discounted cash flow (DCF) assumptions.

Accordingly, this broker lowers its valuation multiples for the Americas business and Europe.

The revised target price is based solely on a sum-of-the-parts (SOTP) valuation, implying 14x FY27 earnings, broadly in line with the company's 10-year average multiple of 14.3x.

Provided the contractor issues prove temporary, as management expects, and the market is able to absorb higher pricing to offset increased servicing costs, Jarden sees an improved risk-reward profile emerging for the stock.

If contractor issues are resolved in line with management's expectations, Citi concurs positive sequential updates through the FY26 result and AGM should support momentum into year-end.

Combined with the scheduled Sustainable Plus initiative/program announcement in early 2027, which management has positioned as a key medium-term operational and margin improvement driver, this broker sees a pathway for the sthare price to recover performance over a relatively short period.

The average target of six daily covered brokers in the FNArena database researching Brambles has now fallen to $22.22 from $26.28, implying nearly 35% upside to yesterday's $16.47 closing price.

Ratings are split between two Buy-equivalent and four Neutral/Hold ratings, after both Morgans and Morgan Stanley downgraded in the post market update aftermath.

Outside daily coverage, Jarden lowers its target to $23.50 from $25.15 and retains an Overweight rating,

midway between Hold and Buy on this broker's scale.

While RBC Capital provided commentary after the trading update, no change has yet been made to its original Outperform rating and $29.75 target.

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AUSTRALIA

Aristocrat's Ongoing Double-Digit Growth Promise

Strong momentum in North American gaming operations, plus improving AI-driven productivity gains and resilient earnings growth, helped ease concerns around softer social casino trends, AI disruption and US casino demand for Aristocrat Leisure.

- **US Gaming delivered the bacon when it came to net installed growth**
- **Margins under pressure but expected to return to historical trend**
- **Management's commentary and guidance sets a positive tone**
- **Analysts congregate around a positive view on the outlook**

By Danielle Ecuyer

iGaming on track to approach FY29 targets

Low expectations, strong share price reward

In keeping with the share price volatility post earnings updates, Aristocrat Leisure’s ((ALL)) interim results were a case of better than expected. A slight beat across key metrics provided a welcome positive fillip to a battered down share price.

Traversing the macro concerns around AI disruption, slowing gaming demand from US casinos, and the previous litigation copyright issues with Light & Wonder ((LNW)) saw a steep de-rating in the stock price from levels around $70 last September to a pre-earnings low around $45.

Over the period, the FNArena consensus target price moderated from a high of $74.87 last November to $63.329 post results, inferring valuation compression became the main driver of the de-rating, i.e. the share

price fell some -36% versus a decline of -16% only for the consensus target.

Going into the results, arguably, expectations had been cautious, setting the stage for a positive market reaction.

The shares have since recovered by some 13% but remain some -17% lower than 2025's high.

As the consensus price target has moved to $63.32 post result, the gap with the share price is still circa 23.50%.

As observed by Citi, group earnings (EBITDA) came in 1% above consensus expectations and 3% ahead of its own forecast, albeit a litigation expense recovery of $45m resulted in a slight miss at the operating earnings (EBITDA) level by -3% for consensus.

For the analyst, it was in line.

Morgan Stanley observed a *"modest shortfall"* for financial results against consensus, while UBS pointed to some *"ups/downs"* across segments.

Positively, 19% EPS growth in constant currency terms reflected a welcome return to robust double-digit growth for this key metric.

Macquarie was upbeat on net profit after tax, which advanced 8% y/y and 16% in constant currency, above both its own estimate and consensus.

North American gaming surprised to the upside

Taking a deeper dive, the North American gaming operations installed base grew by 2,017 units sequentially, above UBS' forecast of 1,899 and consensus at 1,800.

As pointed out by Bell Potter, post 1H26 net unit growth the North American installed base has grown to 77,242, with a rise in market share by 70bps q/q to 43%.

Jarden observed net addition installs advancing to 2,311 versus 1,823 in 2H25, which augurs well for management's upgraded net unit growth guidance to the upper end of 4,000-5,000 for FY26, reflecting a more marked 2H skew.

Macquarie believes the launch of titles like Monopoly and Spooky Link provide further support to Aristocrat achieving the upper end of guidance.

This analyst is forecasting a net installed target of 4,900 for the current fiscal year, which now sits above the prior estimate of 4,500 and consensus at 4,300.

Morgans lent into the higher guidance, lifting its full year assumption to 4,900 largely due to sustained premium additions as well as Monopoly titles.

Morgan Stanley also increased FY26 gaming ops unit additions to 5,000 from 4,000 previously.

Regarding North American gaming ops fee per day, Macquarie points to a decline of -1% sequentially to US$53.11 against guidance set at "stable" at the February AGM update.

The strength of the new content to be launched is anticipated to generate an improvement in this metric over 2H26, with the analyst forecasting a 2% improvement.

Morgans has lowered its fee per day assumption slightly to US$54 for FY26, which still infers an improvement of around 170bps sequentially due to the product mix.

Interestingly, management noted it intends to update the market if expectations move above the range, citing confidence in both growth in installed base and fee per day.

North American gaming outright sales came in at 13,118 units versus UBS' forecast of 13,497 and consensus at 12,550.

Jarden considers the 15% annual growth in outright unit sales to 13,118 was particularly robust at an average selling price of US$21,710, reflecting a 6% rise y/y.

Ship share of 31% equated to an annual uplift of 260bps. Jarden believes these metrics confirm ongoing demand for Aristocrat's gaming portfolio.

The North American gaming margin declined -1.2 percentage points y/y to 56.9%, which was attributed to the larger-than-anticipated skew to outright sales at lower margins.

Improved results from gaming ops in 2H26 should support the margin. Management flagged the margin to remain inside the historical 56%-58% range.

Upside to guidance could be generated from higher-margin gaming ops and the cost-out benefits, which were indicated at AU$100m in FY27.

Product Madness a miss, but trending the right way

Overall, Macquarie highlights installed ops represent around 60% of the North American gaming business.

The broker noted profit for 1H26 was flat y/y, and a slight miss on both is own forecast and consensus by -1% and -2%, respectively. The miss was attributed to weakness in Product Madness, which came in at 4% growth y/y but missed consensus expectations by -7%.

Product Madness represents around 25% of segment profit. Macquarie believes the market is too optimistic on both revenue growth and margin expansion. Its projection continues to sit around -7% to -9% lower than consensus forecasts for FY26-FY28 for this segment in USD profit terms.

UBS viewed the social casino revenue decline as 1% better than forecast, highlighting direct-to-consumer has grown to 24% from 12% y/y, which in Morgan Stanley's view more than offset the higher spend from user acquisition, i.e. marketing spend on social media, influencer campaigns, and the like.

Macquarie cites direct-to-consumer volume may come in above 35% by FY28 and estimates the segment can grow at a compound average rate of 2% annually between FY25-FY28 in USD terms.

Rest-of-world gaming revenue grew AU$22m on the prior half year, which Jarden attributes to the timing of the Baron cabinet launch in Asia alongside Australia and New Zealand ship share of an estimated 46% in 2H26.

Notably, the macro backdrop is more competitive post Light & Wonder's recent cabinet release, the analyst states.

More positives

Interactive, at 5% of segment profit, should benefit from Rhode Island (iCasino) and iLottery in Massachusetts and Michigan over 2H26.

Macquarie also observes the Lightning Link launch in July, which should assist with American iCasino market share, currently at 3.7%.

Macquarie forecasts a compound average growth rate in interactive segment profits of 31% per annum between FY25-FY29 in USD terms, reaching revenue of US$931m versus management's US$1bn target.

In other highlights, consensus coalesced around a positive take on the planned AU$100m cost-out in FY27 as well as ongoing AI adoption, which was emphasised by management as being embedded across the business to boost productivity.

Macquarie noted the adaptation of a game across different markets has declined to one week from 16 weeks using AI.

Regarding AI threats, the analyst stresses regulatory compliance, customer relationships, intellectual property, and innovation stand as competitive moats.

Bell Potter noted a 6% rise in operating cash flow y/y, with capex down -18%, leverage up to 0.3 times from 0.2 times, and the share buyback lifted by $1bn to $2.5bn.

Broker ratings and targets

Across the daily monitored FNArena brokers, there are seven Buy-equivalent ratings with a relatively tight spread of target prices.

Macquarie is the lowest at $60, with Ord Minnett, Bell Potter, and Citi all at $61. UBS has the highest target at $69.40.

The average of all seven targets takes the consensus target to $63.329. At the time of writing, Aristocrat shares are changing hands around $51.26.

Non-daily monitored broker Jarden has a $65 target, up from $64, alongside yet another Buy rating.

Ord Minnett's post result update included a twinge of criticism aimed at the market's response to the release. In this analyst's opinion, the top line represented largely lower corporate costs which on that basis (alone) did not justify the 13% rally in the share price.

However, Ord Minnett equally admits management's comments around scope to deliver double-digit constant currency EPS growth over the next three years based on the "building blocks" put in place, suggests the current valuation is "cheap".

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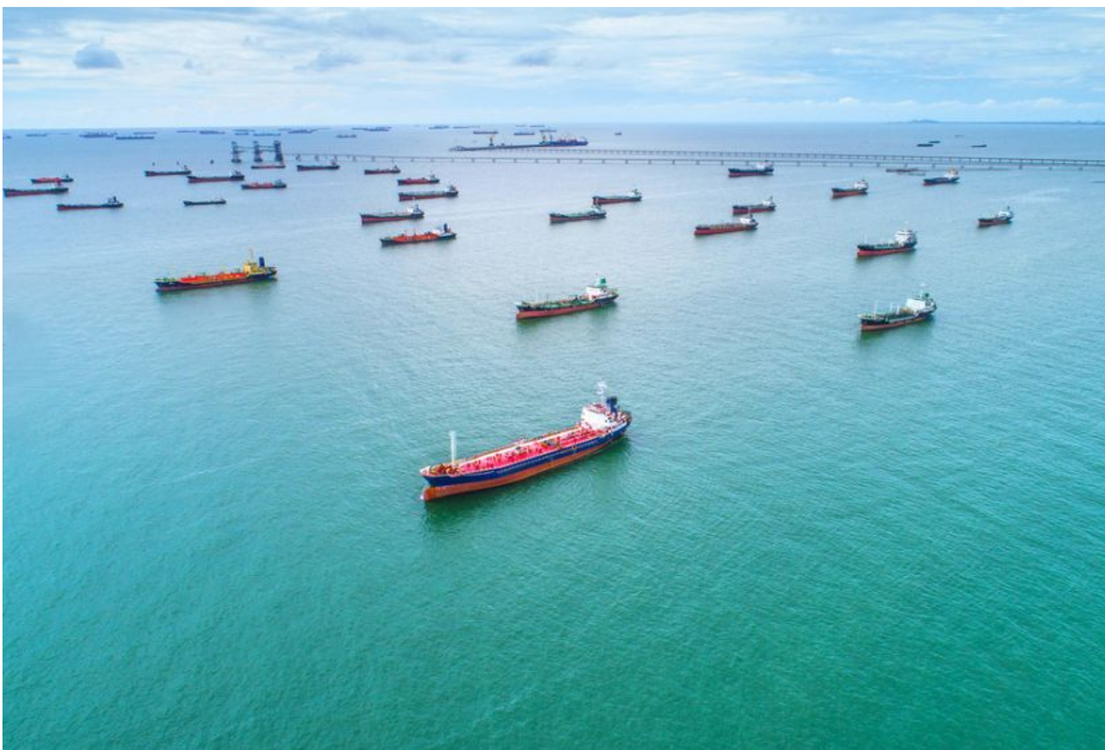
COMMODITIES

Material Matters: Oil, Gold & Lithium

Iran conflict's ongoing impact on oil, agri-commodities and gold, while lithium prices strengthen.

- **Oil prices holding steady; justified?**
- **Agriculture prices under upside threat**
- **Short term restraints on the price of gold**
- **Lithium price seen nearing inflection point**

By Greg Peel



Why is the oil price not higher?

Earlier on in the Iran conflict there were warnings from experts the closure of the Strait of Hormuz could take oil prices as high as US$200/bbl. Yet as the closure drags on for months now, oil prices have remained hovering above US$100/bbl.

Why so?

The prevailing market narrative is supply losses would quickly recover once the Strait of Hormuz reopens, notes ANZ Bank's commodity analysts. This has discouraged bullish market positions and limited panic buying.

However, this is not the only market narrative. Despite Trump's constant assurances that oil prices will plummet on the reopening of the Strait, experts warn the backlog of stranded tankers will take some time to clear, and damage to Gulf state oil and gas infrastructure, and Iranian infrastructure, implies a return to pre-war prices will be more of a matter of months.

Drawdowns of strategic oil/fuel reserves across the globe to date will mean these reserves will need not only to be replenished, but likely will be increased above prior levels given the wake-up call provided by the Iran

conflict. Hence demand will remain elevated.

Australia is a case in point.

ANZ notes oil market sentiment has been aided by positive messaging from the White House. President Trump has intermittently signalled a deal with Iran is imminent.

Intermittently? More like constantly. The world has lost count of how many times Trump has signalled a deal is close, only to threaten in various ways to destroy Iran if they don't come up with something acceptable, then to postpone further conflict as another deal is deemed close, typically at the hasty request of Pakistani and/or Gulf State mediators.

Round and round we go.

Physical markets are nevertheless showing few signs of an oil supply crisis, ANZ notes, particularly in the US where commercial crude oil stocks remain relatively high. US fundamentals play a critical role in global price formation, contributing to relatively sanguine investor sentiment.

High inventory levels in Asia have also helped buffer supply losses. ANZ estimates China's crude oil reserves to be around 1.7bn barrels, with high levels also in Japan and South Korea, but to a lesser extent.

Morgan Stanley points out seaborne oil exports from the US have surged, up an unexpectedly large 3.8mb/d year on year in the 30 days to May 11.

This has been aided by -0.5-1.0 mb/d of demand rationing. China's imports have fallen sharply while many Asian countries have rationed supply or mandated four-day work weeks to reduce demand, ANZ notes.

China has been willing to let its seaborne imports slide, down -5.5mb/d year on year in the same 30 days, seemingly preferring to use inventories instead.

The release of strategic reserve releases has also softened the blow. The International Energy Agency reported as of May 8, 164mbbl of oil have been released from emergency stockpiles in member countries. The drawdown in the US Strategic Petroleum Reserve has also accelerated in recent weeks.

This has shielded the rest of the world but neither lower imports or reserve releases seem sustainable long run, Morgan Stanley suggests, posing the question what will happen first? Strait of Hormuz reopening? Or reversal in flows?

The latest tick up in oil prices came as Trump again made threats, but he has now backed off yet again.

ANZ points to reports the Trump administration is considering a potential revival of "Project Freedom" –-the accompaniment of tankers through the Strait-– which was initially withdrawn around five minutes after announcement.

Satellite data suggest activity at Iranian oil export facilities has dropped sharply over the past week, ANZ notes. This could emerge in the form of lower exports in the coming days/weeks if the US blockade remains in place.

There is a risk of adjustments to alternate pipeline usage in Saudi Arabia, the UAE and Iraq, which continue to reroute around 5mb/d of crude to offset lost flows through the Strait.

Iran may yet employ the Houthis in Yemen to effectively close the Red Sea, as was the case last year, blocking Saudi exports. There is also a bypassing pipeline through the UAE which is open to Iranian attack.

OPEC data showed April oil output at a two-decade low. With the UAE electing to leave OPEC, the way is open for other members to defy quotas and increase production.

They always do anyway.

Morgan Stanley's base case is the Strait of Hormuz will reopen, which underpins forecasts. However, a closure longer than China or the US can sustain current flows could cause renewed tightness.

In other words, don't dismiss the potential for higher oil prices just yet.

Agricultural Commodities

Oil hogs the limelight, but the closure of the Strait of Hormuz has equally reduced the supply of other products.

Agriculture price risks are heavily skewed to the upside over the next 6-12 months, Citi warns, as they face major supply risks resulting from a potential prolonged closure of the Strait of Hormuz, and from likely adverse weather related to El Nino (with the only question being how bad the weather impact will be for net global food production).

Citi points out a prolonged Strait closure would drive up the cost of agriculture production (via higher energy prices), reduce crop yields/output (owing to lower fertiliser availability and lower crop disease protection from oil-based fungicides/pesticides), and drive up demand for some agricultural commodities (as biofuels to substitute for high-priced fossil fuels).

A “strong” El Nino would disproportionally impact yields on major agricultural products, while regional yield divergence will contribute to higher volatility for the rest of grains and Arabica coffee.

Food price inflation has yet to make itself fully felt.

Precious Metals

The gold price rose to over US$5300/oz in late January before a blow-off top that saw the price down to US$4600.

A subsequent rally was soon upended in March by the Iran conflict and prices are now sitting between US$4400-4600/oz.

Gold’s inverse relationship with US interest rates has strengthened since the Middle East conflict escalated through March, ANZ Bank analysts note.

As the US ten-year yield has climbed above 4.6%, gold’s risk reward profile has deteriorated, prompting investors to unwind their positions.

Simultaneously, gold has shown a strong negative correlation with oil during the latter’s supply shock and a relatively positive correlation with equity markets. This indicates to ANZ the gold market is not yet positioned for a risk-off scenario.

ANZ believes inflation expectations, higher yields and a stronger dollar are likely to keep gold under pressure in the near term. The macro backdrop should eventually turn supportive for investment flows into gold over the medium to longer term.

Central bank demand remains robust and is likely to strengthen further this year, ANZ suggests, amid heightened geopolitical risks. Firmer demand from China will likely counter India’s weaker demand after the latter’s policy changes.

ANZ thinks the oil market is not yet fully reflecting the magnitude of supply disruptions, leaving upside risk to prices. This will fuel inflation expectations and keep the Fed cautious, with policy rates on hold until September, and any subsequent move will be data-dependent.

This backdrop presents a short-term headwind for gold.

The supply-shock-driven energy crisis will eventually decelerate economic growth, lowering industrial activity and weakening consumer spending.

Slowing economic growth will see central banks pivot towards more accommodative monetary policy over the coming year, ANZ suggests, which would ultimately support gold prices.

ANZ expects support around US$4,500/oz and views any further downside risk as an opportunity to build fresh positions.

Silver has taken a different path to gold lately, with prices climbing to US$87/oz and driving the gold-to-silver price ratio down to below 60x.

While higher oil prices are raising economic growth concerns, a strong rally in technology stocks is supporting the narrative of strong industrial demand for silver. This was evident in silver moving in tandem with copper.

Overall, ANZ believes silver looks vulnerable in the near term, as spot supplies appear comfortable and Chinese demand is likely to moderate from recent elevated levels.

Over the longer term, ANZ suggests a sustained market deficit and structural demand drivers should continue to underpin investor interest and provide support to prices.

Lithium

Lithium prices have continued to trend higher, Macquarie notes, with spot spodumene trading above US$2,800/t and China lithium carbonate at around US$28,000/t.

Macquarie sees US$29,500/t lithium carbonate equivalent (LCE) as a potential inflection point where investor fear of missing out (FOMO) begins to encounter a psychological resistance level.

Market sentiment has continued to improve but Macquarie cautions that positioning has become increasingly constructive, with many investors anticipating a near-term price spike linked to potential Zimbabwe export disruptions, which may materialise with a lag of some 1.5 months due to shipment timing.

The Zimbabwean government has announced plans to ban the export of lithium concentrates starting in January 2027. This policy aims to promote local processing and value addition within the country, shifting from being merely a raw mineral exporter to a hub for lithium battery supply chains.

The government encourages mining companies to invest in local processing facilities to ensure all lithium leaving the country will be in a processed form by 2027.

Lithium carbonate price volatility remains a key sensitivity for downstream demand.

Macquarie's recent channel checks suggest US$29,500/t LCE represents a threshold at which energy storage system (ESS) project economics in Southeast Asia and domestic China begin to face pressure, while US$36,800-US$44,200/t LCE is viewed as more broadly disruptive, including for the US and EU markets.

Consistent with this, data show China's automobile manufacturing profit margin declined to 3.2% in the March quarter, from 3.4% in the December quarter and 4.1% for 2025.

Among Australian-listed lithium miners, IGO Ltd ((IGO)) remains Macquarie's preferred exposure, screening attractively across price scenarios in FY27-FY28.

IGO also delivers the largest improvement in free cash flow yield (double-digit) at spot prices, reflecting the absence of major capex requirements over the next two years.

PLS Ltd ((PLS)) exhibits elevated earnings sensitivity, Macquarie notes, with a circa 16% earnings impact for a 10% lithium price move. Elevra Lithium ((ELV)) also shows strong operating leverage, with a 10% increase in spodumene prices driving earnings forecast upgrades of 18% in FY27 and 7% in FY28.

On valuation, Elevra's net present value is most sensitive, on Macquarie's modeling, rising 16% for a 10% price uplift, followed by PLS at 15%, while Liontown Resources ((LTR)) and IGO each show circa 12% sensitivity.

On implied pricing, Liontown screens highest at US$1,500/t spodumene, followed by PLS at US$1,400/t, IGO at US$1,300/t, and Elevra at US$1,150/t, reflecting stronger leverage and near-term volume ramp-up.

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FEATURE STORIES

Australian Banks, Bad Debts And The Budget

The March quarter turned sour for the banks and bad debt provisions were increased, ahead of a federal budget that will have significant impact on mortgage demand.

- **Banks revenue growth turns negative in the March quarter**
- **Provisions against bad debts topped up in weak macro environment**
- **Tax changes in the budget will undermine property investment**
- **Even after share price weakness, questions remain about (in)appropriate valuations**

By Greg Peel

Post Budget, it appears Australian banks have extra headwinds to overcome

Early this year, bank share prices were on a tear. The average major bank total shareholder return (capital gain plus dividends) of 12.5% in the month of February was significantly better than the ASX200's 4.1%. Commonwealth Bank ((CBA)) led with 18.5%.

In February, CBA reported first half earnings while ANZ Bank ((ANZ)), National Australia Bank ((NAB)) and Westpac ((WBC)) provided December quarter numbers and updates on the month of January.

Following a positive reporting season, Morgan Stanley suggested the banks' earnings upgrade cycle, solid balance sheets and low risk profile would continue to support investor interest.

The RBA implemented its first rate hike in February. While bank PE multiples typically de-rate during an RBA hiking cycle, Morgan Stanley believed recent results were likely to keep valuations elevated in the near term.

Morgan Stanley also believed the sector was late in its outperformance cycle, with de-rating risks rising as the year unfolds.

Emerging stumbling blocks were identified as downside risks to the economy, loan growth and credit quality from the combination of monetary and fiscal policy pivots, the potential for another outbreak of competition as the five largest banks try to implement their strategies, and execution risks around transformation and productivity agendas.

The broker thought elevated expectations and multiples skewed the risk toward underperformance versus the ASX200 in 2026 rather than another year of outperformance.

Then at the end of February, Trump bombed Iran.

May Results

This month, ANZ, NAB and Westpac released first half FY26 results (September year-end) while CBA and Macquarie Group ((MQG)) provided a March quarter update.

The fact the RBA chose to hike at its February meeting, pre-war, indicated inflation was already sticky and indeed creeping up again. The RBA has since chosen to Implement two more rate hikes, thus wiping out the three prior cuts that signalled the end of the post-covid inflation surge.

Inflation is now rising again, suggesting more rate hikes to come. But the inflation caused by the spike in fuel, fertilser and other prices and the subsequent flow-through to the general economy is supply-side inflation, not typical demand-side inflation which drives a strong economy and prompts the RBA to cool things down with a rate hike.

Supply-side inflation threatens a weaker economy, which is why another rate hike at the RBA's June meeting is not considered inevitable, even if inflation readings continue to rise as expected.

Following the March bank reporting season, the outlook for Australian banks has become more challenging, Ord Minnett suggests, prompting a less constructive sector view.

The shift in sentiment reflects a marked change from the February reporting season. At that time, banks delivered strong revenue growth and benign asset quality, leading to consensus revenue upgrades and lower expected credit impairment charges.

The subsequent May reporting season told a different story. Revenue growth stalled, asset quality indicators began to soften and banks moved to rebuild collective provisions. As a result, consensus earnings per share downgrades have effectively unwound the earlier upgrades.

Two clear themes emerged, Ord Minnett notes. First, revenue growth has decelerated across all major banks, even after adjusting for markets income volatility and day-count effects (fewer working days in the quarter).

Second, quarterly outcomes are proving highly volatile, reinforcing the risk of extrapolating short-term trends. Aggregate quarterly revenue growth for the major banks fell from a strong December quarter to flat in the March quarter, with all institutions experiencing a noticeable slowdown.

Macquarie agrees in a sharp turn from the December quarter, banks showed softer trends in March.

Revenue growth was weaker, falling -0-5% quarter on quarter, after rising 1%-4% in the December quarter. While better cost management partly offset this weakness, pre-provision profits fell -1%-9% quarter on quarter. Volatile markets income and FX contributed to softer revenue outcomes, but with lending competition increasing and downside risk to volumes, Macquarie expects revenue trends to remain challenging ahead.

Underlying margins were softer than expected, Macquarie notes, mostly holding flat, while lending competition stepped up.

With downside risk to volumes, and ANZ Bank looking to return to growth, Macquarie expects lending competition to remain intense. Higher rates will provide some tailwinds to margins, but this is now largely built into expectations.

Expenses were generally well managed across the banks, Macquarie notes, with underlying expenses down -9 percentage points to 2%, albeit this was supported by a weaker New Zealand dollar.

ANZ and Westpac both increased productivity goals for FY26 as they sought to target better tier one capital. While there is scope for expenses to continue surprising positively, with ongoing inflation and IT transformation programs, Macquarie thinks this is insufficient to offset near-term risks to revenues.

Banks elected to top up provision coverage (against bad debts), other than ANZ. Credit quality trends were mixed, with continued improvements at ANZ and Westpac, but some deterioration in non-performing business loans at NAB and CBA.

With a challenging macro outlook likely to continue, Macquarie continues to see upside risk to bad debts in the

near term.

Credit conditions remain sound, supported by low unemployment and resilient property prices, but early signs of stress are emerging in certain corporate exposures and personal lending.

Hence, banks have prudently, in Ord Minnett's view, increased collective provisions, particularly as reliance on internal credit risk modelling has grown following Basel 3 changes.

Overall, brokers have made minor earnings forecast changes, yet current sector multiples don't yet fully reflect a sector in transition, in UBS' opinion, moving away from a benign credit and interest rate tailwind environment to one of rising provisions, slowing mortgage growth, and policy adjustments.

Individuals

Following the February bank result season, CBA was the outperformer, once again defying near perennial calls of overvaluation. CBA's quarterly update this month was a slight miss (-2%), with UBS pointing at collective provision overlay charge and soft revenue despite a stable net interest margin (NIM).

In a case of unfortunate timing, CBA reported the day after Jim Chalmers brought down his 2026 budget, which saw its share price drop around -10% in the session -- the largest one day fall since the bank's IPO in 1991.

CBA is still growing above system in deposits and business lending and at system for mortgages.

Macquarie Group showed strong Macquarie Capital and Commodities & Global Markets outperformance from some $1.1bn in asset realisation and commodities trading revenue reinforcing its diversified model, UBS notes.

Westpac's result was largely in line, however Westpac has the highest capital ratio relative to peers. Cost benefits from the bank's Unite efficiency program were evident, but NIM compression could offset this.

NAB beat on NIM but posted a slight income miss. Despite a beat on cost, earnings still underwhelmed.

ANZ missed on income but beat on costs and earnings.

The Budget

While there were many elements in the budget, all focus has been on tax changes impacting property investment.

As expected, the federal government will scrap the flat 50% capital gains tax (CGT) discount for investments for more than 12 months, a measure largely sold as addressing intergenerational housing inequality.

Flying well under the radar was a budget acknowledgement that Investors in the share market are undercompensated for the impact of inflation under current CGT settings. The budget highlighted the potential to shift investment away from existing properties and into new properties, but also into stocks.

CGT is paid on capital appreciation of share prices, but not on dividends which, if fully franked, attract no tax. Hence the budget suggests it is less attractive from a tax perspective to invest in high-growth, no or low-dividend payers and more attractive to invest in slower growing high yield stocks, such as banks (some of them).

It is rarely acknowledged that if you're paying more tax you're making more money, but never mind.

Yet, while bank investment may look more attractive from a tax perspective, UBS views the budget as slightly negative for overall mortgage growth, due to the loss of tax incentives for investor mortgages (56% of mortgage flow, and 33% of mortgages outstanding for the majors at end of the first half).

Overall, UBS believes the bank stocks most exposed are CBA and Westpac, with lending portfolios more tilted to investor mortgage lending.

Budget reforms will impact the property market, including restricting negative gearing to new builds and replacing the capital gains tax discount with an inflation indexation model. These changes are expected to reduce investor capital allocation to existing housing stock, Citi notes, potentially impacting supply while rising construction costs and rising rates also have an impact.

APRA's proposed easing of residential property lending requirements could increase bank capacity, but overall Citi sees downside risk to mortgage credit given the tax changes, negative sentiment and lower turnover of existing and grandfathered stock.

Given the total expected return of bank shares has skewed to franked yield, Citi thinks this looks more attractive given the changes to CGT. Nevertheless, the broker expects downside risk to housing credit to receive more prominence in the budget debate.

At the margins, the removal of the CGT discount is incrementally negative for investors in growth assets depending on time horizons, Citi notes. From a total return perspective, the greater proportion of total return derived from income (including franking) at the banks looks more attractive from a tax structuring perspective.

Yet on balance, Morgan Stanley thinks new measures in the budget will be bad for bank share prices. While changes to negative gearing and CGT discounting had been flagged, the minimum 30% tax rate on post-July 2027 capital gains was unexpected.

In Morgan Stanley's view, the budget will have a negative impact on housing market sentiment and the mortgage market. This will more than offset any increase in the appeal of high-yield stocks.

Favourable tax treatment is one of the reasons why there has been a 30-year housing "super-cycle" in Australia. Changes to property-related tax concessions could have a "profound" effect, Morgan Stanley suggests, on the long-term demand for investment properties.

All else equal, less leverage and less property price appreciation imply more modest mortgage growth, creating a headwind for earnings. More importantly, Morgan Stanley suggests, investors may consider whether banks should trade on lower PE multiples to reflect lower terminal growth rates.

On UBS' assessment, the budget reduces the after-tax appeal of leveraged established-property investment and should slow investor mortgage growth (20% of system and 40% of mortgage flow).

Construction finance, presale-linked lending and new-build mortgages should benefit, but planning, build costs and developer risk mean this will not quickly replace established-investor turnover.

Grandfathering limits forced selling and credit risk, but the sector faces weaker housing system growth, poorer mortgage mix and more competition for owner-occupier flow.

Investor mortgages for the large banks have grown strongly over the past decade (CBA the most), as banks have pivoted toward higher-margin business to defend retail profitability, especially over the past four years.

Investor loans typically price better for the banks (higher interest rate) than prime owner-occupier loans. If growth rotates from investor lending into owner-occupier/first home buyers, the volume may be partly offset, but the margin mix is likely worse, UBS believes.

The Outlook

Morgan Stanley currently forecasts system mortgage growth to moderate from a recent run-rate of around 7.5% to an average growth rate of around 5.5% in FY27, with investor loan growth slowing from 10% to 7%.

The broker thinks system growth could slow to 3%-4% in FY27 if the RBA retains its tightening bias and house prices fall some -10%. By way of comparison, mortgage growth fell to 3% in 2019, when investor loan growth hovered around zero for most of the year.

Separately, Morgan Stanley believes the implications for credit quality and loan losses will depend on the impact on interest rates, the labour market, consumer spending, business input costs and business investment.

The relative "winners", UBS suggests, are likely to be banks with stronger business and institutional banking franchises (NAB and ANZ) and less reliance on investor mortgages (CBA and Westpac).

UBS points out there are a number of unknown factors which might have an impact on bank share price performance too, such as investor flows, appetite for higher dividend yield stocks, and asset allocation/rebalancing.

Bank stocks were down around -12% over the month heading into the budget, likely pricing in concerns of negative earnings revisions on these budget changes, UBS suggests, amongst other factors.

Citi remains cautious on the banks given the risks from stagflation, with slowing growth and rising credit risks

offsetting the impacts of higher rates. The risk is the tax changes from both a CGT and negative gearing perspective add a cautious overlay to housing activity, which holds some downside risk to earnings for the banks.

The major banks are relatively evenly exposed to this risk, albeit Citi notes housing investors have been a greater proportion of CBA's recent growth.

Ord Minnett agrees: risks are rising. Changes to negative gearing and CGT, combined with higher interest rates, are expected to materially slow investor housing credit growth.

Earnings momentum has turned, notes Ord Minnett, valuations remain stretched by historical standards, and further downside risk remains if housing credit slows more sharply than currently forecast.

Macquarie remains Underweight the bank sector.

ANZ Bank is now the preferred exposure across major banks as Macquarie sees less risks from credit quality given its institutional exposure.

ANZ trades at a discount to peers which may provide some support if the sector de-rates.

FNArena Major Bank Data					**FY1 Forecasts**				**FY2 Forecasts**			
Bank	B/H/S Ratio	Previous Close $	Average Target $	**% Upside to Target**	% EPS Growth	% DPS Growth	% Payout Ratio	**% Div Yield**	% EPS Growth	% DPS Growth	% Payout Ratio	**% Div Yield**
JDO	6/0/0	1.40	2.11	**54.90**	43.2	N/A	0.0	**0.0**	33.0	N/A	0.0	**0.0**
ANZ	2/3/1	35.21	35.18	**0.10**	24.9	0.5	67.4	**4.7**	2.7	4.2	68.3	**4.9**
MQG	2/3/0	242.96	251.26	**6.45**	0.2	12.0	61.3	**3.3**	1.1	2.5	62.1	**3.4**
BOQ	1/3/2	6.21	6.55	**4.94**	100.0	39.5	102.4	**8.5**	10.5	- 20.8	73.4	**6.7**
NAB	1/2/3	36.52	39.76	**9.53**	- 4.0	0.0	80.2	**4.7**	17.9	0.1	68.1	**4.7**
BEN	1/1/3	10.40	10.67	**3.09**	N/A	0.0	75.9	**6.1**	- 2.2	- 0.7	77.0	**6.0**
WBC	0/2/4	35.84	34.68	**- 3.19**	2.1	3.8	77.0	**4.4**	5.1	2.3	75.0	**4.5**
CBA	0/0/6	159.40	125.57	**- 22.05**	7.5	3.1	76.9	**3.1**	5.1	3.6	75.7	**3.2**

Australian Banks - FNArena - May 2026

As the table above suggests, Macquarie is not alone in preferring ANZ among the majors. Disruptor Judo Capital ((JDO)) is clearly most favoured (cheap valuation), but does not yet pay dividends.

CBA is in its familiar spot with six from six Sell ratings from brokers monitored daily by FNArena covering the banks (only five for Macquarie Group, as Macquarie does not rate itself).

As a "high yield" stock, CBA does not rate so highly with only a 3.2% forecast dividend yield compared to the other majors, with Macquarie Group not far behind.

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INTERNATIONAL

AI, Inflation, And Stock Selection

AI is changing the world in many more ways than investors might realise. Time to adjust investment strategies, argues MFS' Robert M. Almeida.

- **The market is shifting from a low-inflation, low-rate world to one defined by higher costs and constrained supply**
- **AI is driving growth, but deploying it requires massive investment in real-world infrastructure, which exacerbates current price pressures**
- **As costs increase, the difference between companies that set prices and those that accept them grows wider, making stock selection increasingly important**

By Robert M. Almeida, Portfolio Manager and Global Investment Strategist, MFS Investment Management

A New Investment Regime

We've written a great deal recently about what we believe is an ongoing paradigm shift, even if it doesn't always feel that way.

Today's investors often anchor to recent experience, and for good reason: the conditions of the 2010s handsomely rewarded broad market exposure.

That decade was defined by low inflation, low interest rates, benign growth and steadily rising valuations.

Companies boosted profits through outsourcing, cost-cutting, and financial engineering rather than reinvesting in physical assets.

Passive investment strategies thrived due to broad market growth, resulting in generally positive outcomes and limited repercussions for investors.

That backdrop is changing. Since 2022, spending across households, businesses, and governments has accelerated. Inflation has proven more persistent than many expected, and interest rates have moved higher in response.

The economy is becoming more capital intensive, and the cost of labor, energy, materials, and equipment is once again a critical factor in determining which companies succeed and which fall behind.

The Physical Reality of AI

Artificial intelligence sits at the center of this transition, but its near-term impact may surprise investors who see it primarily as a cost-saving tool.

While AI has the potential to boost productivity over time and will likely be deflationary in the long run as it lowers the barriers-to-entry across many industries and opens the door to new competition, the immediate reality is different.

Building AI at scale requires enormous physical investment: data centers, semiconductors, memory, power generation, transmission infrastructure, cooling systems, rare earth materials, skilled labor, and more.

The technology itself is digital, but the foundation it runs on is decidedly physical.

This matters because the economy entered this cycle underbuilt. Years of underinvestment left the capital

stock depleted, and the infrastructure needed to support AI onshoring and economic resilience simply does not exist at the required scale.

Demand for these inputs is rising faster than the physical world can accommodate, and that imbalance is pushing costs higher. This is also one of the key reasons interest rates have remained elevated.

Rising Costs Create Winners and Losers

Higher input costs are now a reality for both consumers and businesses. Households see it in food, electricity, rent, insurance, and transportation. Companies feel it through wages, logistics, materials, energy, and technology spending.

These pressures are not temporary; they reflect structural shifts in how the economy operates.

Not every company can absorb or pass through these costs indefinitely. If they could, inflation would be far worse than it is today. Instead, sustained higher costs are likely to redistribute profits across industries and individual businesses.

Companies that control scarce resources, supply critical inputs like semiconductors or power equipment, or possess strong pricing power are already demonstrating their advantage. Conversely, companies offering easily replaceable products or services in competitive markets will find it harder to protect margins.

Over time, this divergence will produce clear financial performance gaps, and with them, meaningful opportunities for active managers.

Why Stock Selection Matters Now

Two dynamics make careful security selection especially important in this environment. First, when the future no longer resembles the recent past, broad market exposure becomes a less reliable strategy.

Passive investing works best when yesterday's winners continue to win. Active management adds the most value when investors need to distinguish between businesses with durable competitive advantages and those facing structural headwinds that are not yet priced in.

The second key dynamic in today's market is that equity risk premiums are tight (Exhibit 1).

When investors are compensated less for owning broad market risk, the cost of owning an asset with underwhelming financial results is magnified. There is simply less cushion to absorb mistakes, raising the stakes for portfolio construction.

Global equity risk premia are very low by historical standards

The central question for investors is no longer whether AI will boost productivity. We assume it will.

Instead, we should ask: who absorbs the costs in margins, market share, or lost customers?

The old regime rewarded financial engineering, duration, and multiple expansion. The new regime is likely to reward scarcity, reinvestment, resilience, and pricing power, and we believe that paradigm shift is already underway

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RUDI'S VIEWS

Rudi's View: Focus On El Nino

With El Nino plausibly arriving later this year, potential weather impacts will increasingly gain investors' attention.

By Rudi Filapek-Vandyck, Editor

Neither the US National Oceanic and Atmospheric Administration (NOAA) or, locally, the Bureau of Meteorology (BOM) have made the official forecast just yet, but signs are pointing into the direction of another El Nino arriving later this year.

El Nino featured prominently during recent result releases by GrainCorp ((GNC)) and Elders ((ELD)). To quote our very own Corporate Results Monitor:

"GrainCorp's share price tumbled over -13% following the release of H1 financials. That had more to do with investor concerns about weather forecasts and impact on future crops."

https://fnarena.com/index.php/reporting_season/

Not that Elders shares have been better off post result release --those shares are off -21% four days after market update-- but that release combined much higher costs (disappointment) with weather related investor anxiety.

So far the official view at BOM is models are expecting the tropical Pacific to keep warming and likely reach El Nino thresholds by early winter, but an atmospheric response still needs to appear before El Nino is considered "established".

NOAA is on El Nino Watch, ascribing an 82% chance of El Nino emerging in May-July and a 96% chance it continues through the northern winter of 2026-27, while also warning peak strength remains uncertain.

The latter warning refers to the possibility of a Super El Nino arriving, which would open up the potential for more extreme weather events.

Assuming the current trend in signalling continues (and El Nino is thus on its way), the following should be expected:

- Less rainfall across much of eastern and southern Australia
- Warmer days and nights, with elevated chance of heatwaves
- Higher fire-weather risk
- Weaker snow season

To put it succinctly: it's getting warmer and drier, with regional inconsistencies. In case of a Super variant, it'll be more of the same.

El Nino Victims

My first thoughts are always: this is why I don't invest in insurance companies.

A recent update on the matter by Macquarie points out the three ASX-listed insurers --Insurance Australia Group ((IAG)), Suncorp ((SUN)) and QBE Insurance ((QBE))-- have been among prominent underperformers across El Nino periods post 2000.

Instinctively, I think this makes sense. The only way to account for the unknown risks is by applying a valuation discount and then wait and see what happens.

Has this now happened already in 2026?

Earlier in the year, I'd be inclined to suggest the answer to that question was probably 'yes' but insurers' share prices have been somewhat on a tear recently, and now the answer is most likely 'no'.

Together with GrainCorp and Elders, agricultural exposure on the ASX is almost exclusively represented by smaller cap companies. This implies relatively small changes can have a magnified impact.

See also the share price moves mentioned earlier. Investors should not be surprised if share prices start accounting for what may well lay ahead later in the year (and beyond).

Think Nufarm ((NUF)) and Ridley Corp ((RIC)), but also Bega Cheese ((BGA)), Cobram Estate Olives ((CBO)), Inghams Group ((ING)), Ricegrowers ((SGLLV)), Select Harvests ((SHV)), SPC Global Holdings ((SPG)), and Tasfoods ((TFL)).

Australia's largest cattle herd owner, Australian Agricultural Co ((AAC)) has returned to profit in FY26. See the ASX releases today.

I wouldn't exclude the winemakers either: Australian Vintage ((AVG)) and Treasury Wine Estates ((TWE)). Not that that sector hasn't already enough challenges to deal with.

Among the REITs, Rural Funds Group ((RFF)) --currently offering a 5.9% yield-- would have the largest exposure.

Macquarie's research also identifies National Australia Bank ((NAB)) and Bendigo and Adelaide Bank ((BEN)) through lending exposures.

My gutfeel tells me there could be negative impacts for supermarkets and food retailers too, depending on how bad supply can be impacted.

El Nino Beneficiaries

El Nino doesn't only create weather-related victims; some sectors might actually benefit as drier conditions lower the chances of wet weather interruption (so more work can be done, unless temperatures rise too high for comfort).

Mining companies, especially those with open surface operations, come to mind, but equally mining services providers, building materials companies, and real estate developers.

As Macquarie states: the mechanism is simple: fewer rain delays, better productivity.

Macquarie's basket of El Nino beneficiaries contains the likes of Mineral Resources ((MIN)), New Hope Corp ((NHC)), Orica ((ORI)), NRW Holdings ((NRW)), and Ventia Services ((VNT)) but that list is far from exhaustive.

Needless to say; potential El Nino benefits won't necessarily be the key drivers underneath these share prices just yet, while it is far more likely the market's focus will first shift towards the risks.

There is also still the possibility El Nino develops into a Super phenomenon. In that case the impact can become potentially a lot broader and larger.

Macquarie is suggesting a food-inflation shock could translate into RBA rates staying higher for longer, or even result in more rate hikes.

This is not a scenario theoretically put forward as a potential 'what if' outcome. Analysts at Citi seem quite convinced food inflation is one of the dangers lurking around the corner for global consumers and economies.

A severe drought would also negatively impact on regional economies. With farm-export volumes on the nose, Macquarie would expect the Aussie dollar to weaken as the loss in these exports won't be compensated

through positive terms of trade impacts.

Since 2000, El Nino has appeared three times in a rather weak format in 2005, 2006 and 2018. A standard El Nino has appeared in 2002 and 2009, with a strong variant in 2015.

There was one half-hearted one in 2023.

Macquarie suggests the El Nino from 2002 is perhaps the closest analogy with interest rates equally somewhat restrictive at that time in Australia.

Back then, miners and real estate stood out among local market outperformers, while consumer services, insurance and staples retail delivered poor returns.

What these generalised notes don't mention is whether there were any specific sector- or stock-related influences in play. For example, back then El Nino associated with higher electricity prices, but Macquarie is not so sure about a repeat this time around.

"The energy market has structurally changed since."

Plus, as said, weather-impacts won't be the only drivers underneath share prices moving going forward.

Best Buys & Conviction Calls

Portfolio managers at **T Rowe Price** have maintained a slight Overweight allocation to global equities, but Australia is missing out as exposure to the ASX has been dialed back to Underweight.

T Rowe Price is not comfortable with inflationary pressures building on the back of the Middle East war and rather prefers AI optimism and the energy self sufficiency of the US.

Recent quarterly results in the US have certainly confirmed there are currently less question marks over growth and corporate earnings in the US than at home in Australia.

****

Strategists at **Morgan Stanley** have made multiple changes in recent days, also inspired by Australia's latest Budget and its possible implications for real estate and the economy at large.

Telstra ((TLS)) is no longer included in the Asia-Pacific ex-Japan Focus List. Those shares are on a winning streak post interim report in February and now trading above consensus target.

Prospective dividend yields have fallen to 3.8% (FY26) and 4% (FY27), which is a good indication of how strong the telco's performance has been, not only in 2026 but since early 2025.

Telstra's removal leaves that list with only two remaining ASX representatives:

- BHP Group ((BHP))
- Lynas Rare Earths ((LYC))

Goodman Group ((GMG)) has been removed from the Asia Thematic Focus List. Those shares have recovered from circa $25 to beyond $30 in recent weeks.

FNArena's consensus price target of $34.42 remains circa 11% above the current share price.

The Australia Macro+ Focus List no longer includes Seek ((SEK)), The Lottery Corp ((TLC)) or Xero ((XRO)).

In their place the following three have been added:

- Infratil ((IFT))
- Sigma Healthcare ((SIG))
- Santos ((STO))

The Australia Macro+ Model Portfolio no longer includes Qube Holdings ((QUB)), REA Group ((REA)), Seek, or

Stockland ((SGP)).

Have been added instead:

- Ampol Ltd ((ALD))
- Infratil
- Paladin Energy ((PDN))
- SGH Ltd ((SGH))

Morgan Stanley's view on Australia is not that dissimilar from T Rowe Price's:

"We remain cautious on the outlook for the Australian economy given the combined impact of tightening policy conditions and sharper price and volume impact from the ongoing global fuel supply shock."

No more RBA rate rises are expected. The central bank might well deliver its first rate cut in the second half already, if Morgan Stanley's projections come to pass.

The good news is, Morgan Stanley's updated target for the ASX200 --at 9250 for mid-2027-- suggests potential for a double-digit total return (including dividends).

(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.

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SMALL CAPS

The Debate On Imdex' Short-Term Risk

The growth profile for Imdex looks backstopped by global exploration and a growing contribution from tech earnings, but is Q4 at risk of disappointment?

- **Imdex's third quarter revenue update raised some questions about growth**
- **Rising global exploration budgets and growing demand for mining technology solutions**
- **Analysts highlight strong sensor and technology growth for Imdex**
- **Is Q4 poised to disappoint?**

By Danielle Ecuyer

Third quarter update served up a slight miss

Markets are forward looking and with commodity-exposed cyclical stocks, the central question for some analysts is, ‘can such a company outperform through the cycle?’

Imdex ((IMD)) is placed in the sweet spot of rising global exploration spending, as vindicated by its 3Q26 trading update not that long ago.

Breaking down the quarter contributions, Morgans views the numbers as somewhat “muddled” by recent acquisitions Datarock and Krux, which were fully consolidated into the accounts over the quarter.

(For more details see https://fnarena.com/index.php/2025/12/11/imdex-builds-rock-knowledge-acquisitively/)

Forex has had an implied impact over the quarter, with group revenue up 23% y/y and organic revenue rising 19% y/y. As highlighted by the Morgans analyst, but for forex, the group's top line results would have aligned more closely with top-of-the-market forecasts.

In constant currency terms, group revenue rose 29% annually and organic revenue was up 26%. Sensors

performed strongly, as volumes advanced by 33% y/y compared to revenue growth over the period of 27% year-on-year.

Fluids growth erred on the soft side; sales rose 7%, with the analyst attributing some of the weakness to allocation to integrated services.

Bell Potter observes the quarterly revenue was broadly in line with forecasts. Highlighting the segmental breakdown across divisions, 70% of group revenue was generated by sensors, services and software revenue, a rise from 68% in 1H26.

The rise in tools on hire, up 33%, would also account for some of the growth.

Sensor revenue rose 27%, field services lifted 27%, Imdex mining technologies up 26%, digital up 114%, and sale of goods 7%.

Americas and APAC were the best performers, leading revenue growth by 27% and 28%, respectively.

Notably, demand was robust across sensors and field services. Management pointed to negligible Middle East impacts.

Drilling down to more details offers some answers

Canaccord Genuity's breakdown of the update explains organic revenue, up 19% ($119m), was spot on the mark for expectations. The result also implies around $4m in revenue from the recent acquisitions versus a $6.7m estimate, which is attributed to the deferred settlement of the additions.

The difference of circa -$1.9m less revenue is considered inconsequential from this broker's perspective.

There was no mention of earnings or margins in the trading update, but the outperformance of tools and tech relative to fluids is highlighted as positive for margin accretion.

Morgans has a similar take, explaining the Devico acquisition (sensors) had a circa 45% earnings (EBITDA) margin at the time of acquisition.

In contrast, fluids usually generate mid-teen margins.

A word or two of caution

Jarden is more circumspect, pointing to a "moderation" in revenue growth from 12.5% in 1H26 relative to 2H25, to flat in 3Q26 relative to 2Q26.

While not breaking down the revenue divisionally like the other analysts, Jarden believes the relative slowdown has occurred at a time when a ramp up in exploration activity is happening post equity raisings.

Customer exploration budgets are expected to rise by 15% to 20% growth in 2026, supported by higher gold prices.

Imdex detailed junior exploration remains active in WA and Western Canada, while also referring to global exploration budgets, largely from the major operators.

Management also highlighted growth in primary commodities of gold and copper in Australia and South America.

For Canaccord, this is a **"traffic lights have turned green"** moment.

As for Bell Potter, this analyst details R6M junior raising advanced 74% y/y in April, a slowdown since the peak in October 2025.

R6M refers to the rolling six months equity raisings by junior mining and exploration companies.

Observing the period between capital raisings and the deployment of funds has extended over the usual 6-9 months, Bell Potter remains upbeat on the recovery in junior exploration over 2026.

Outlooks diverge on upside and downside risks

Against what is collectively considered a positive macro backdrop for Imdex, Jarden is cautious on the company's ability to serve up revenue growth in 4Q26 which meets consensus expectations, based on the 3Q26 update.

Consensus forecasts imply revenue growth of 26% y/y, equating to 22% growth on the third quarter from a flat result just announced.

The crux of the issue for Jarden is the stock, at current levels, appears fully valued around 31x price-to-earnings for one year forward earnings. In combination with what is read as a slower growth quarter, indications for the fourth quarter signal the possibility of a revenue miss against market expectations.

The valuation is also seen as extended relative to its historical average at a time when consensus might have to make negative updates to EPS forecasts.

Accordingly, Jarden downgraded the stock to Sell from Underweight, while acknowledging the positive industry tailwinds. The business was also highlighted as well managed but "leveraged to high expectations". Target set at an unchanged $3.60.

Canaccord is less concerned by the apparently weaker drill hole activity and slowdown over March and April, which is not considered surprising given the geopolitical uncertainty.

Equally, the rolling three-month quarter-on-quarter drill hole activity, globally, comes off a very strong finish to 2025. This analyst takes the view the apparent slowdown is but a temporary blip on the outlook, which is showing an ongoing structural recovery.

Strategically, Canaccord singles out management's ongoing growth strategy, which is tilted at M&A activity.

For the glass-half-full approach, the Canaccord analyst sums up the Imdex proposition as the company can accelerate earnings growth via growing global exploration budgets, there is a rising proportion of tech revenue, and then there's the build out of its product suite/cross sell.

This broker forecasts a three-year compound average growth rate of 22%, with a Buy rating and $4.88 target.

Daily monitored Morgans is more upbeat on the outlook for 4Q26, highlighting 21% growth for 4Q25 against 3Q25. Incremental margins should also lift above the usual 40%-50% due to the growth in sensors against fluids. Incremental margins of 55%-plus are forecast for 2H25 compared to around 40% in 1H26.

Morgans also sees considerable upside to current consensus earnings for FY27 and is estimating earnings (EBITDA) of $200m, 7% above consensus.

The risk is skewed to the upside, this broker argues, with scope for breakeven acquisitions of Datarock, Krux and ESA to make positive earnings contributions.

This would imply a lower organic growth rate for the base Imdex and Devico businesses.

The stock is Buy rated with a $5 target.

Despite slightly higher interest costs due to floating rate debt, and some slight EPS forecast downgrades, Bell Potter remains equally very upbeat.

Its target price is raised to $5.10 from $4.60 due to a higher assumed terminal growth rate of 4%, up from 3.8%, alongside a more "optimistic" earnings outlook.

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SMALL CAPS

Latitude Contracts Transform Megaport’s Outlook

Megaport's AI positioning strengthens following to contract wins by recently acquired infrastructure-as-a-service provider Latitude.

- **Acquisition of Latitude already leading to significant contracts**
- **Capex requirement comes first, with earnings forecasts boosted post FY26**
- **Capital intensity shifts focus to execution from demand validation**
- **Contracts seen as meaningful de-risking event for Latitude**

By Mark Woodruff

Megaport's late 2026 acquisition is already bearing significant fruit

Customers who use network-as-a-service provider Megaport ((MP1)) to move workloads seamlessly between data centres and the cloud may now also access the company’s infrastructure-as-a-service offering after the acquisition of Latitude.sh in November last year.

Opening the door to AI infrastructure exposure and the hyper-growth market of inference, the addition of Latitude is already bearing significant fruit.

Megaport management last week announced major contract wins with total contract value (TCV) of US$183m and around US$65m in annual recurring revenue (ARR) across the 2.9 years of weighted average tenure of the agreements for compute, network and storage.

Morgan Stanley believes this scale is significant relative to Megaport’s existing earnings base and materially improves contracted revenue visibility.

The announcement is seen as a meaningful de-risking event for Latitude, given investor concerns around that business’s capital intensity.

Canaccord Genuity notes the two new contracted customers are US-based technology providers operating AI applications and inference workloads, with one already an existing Megaport customer.

The broker estimates -US$101m of capex and a two-year EBITDA payback period imply a gross margin approaching 78% across the contracts.

Compute and storage are lower-churn, higher-gross-margin products, Macquarie points out, with churn rates of just -2%-6%, supporting stronger customer lifetime value (LTV) and improving the quality and durability of recurring revenue.

While UBS notes full-life returns are difficult to estimate given the mix of GPU, CPU and storage assets, this broker believes a potential 45% return remains highly attractive even if generated solely over the initial two-to-three-year contract term.

Incremental capex will be funded by cash reserves and a newly-upsized $150m debt facility.

Serving over 1,150 customers, Latitude provides high-performance, optimised compute services with CPU and GPU infrastructure in 20 key markets across 10 countries.

This coverage by Latitude complements Megaport's existing 1,100 enabled locations in 30 countries for its network-as-a-service offering, allowing customers via a port to either connect between or to a cloud services provider (CSP), or to connect to any service connected to the Megaport network.

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

Latitude contract wins

Macquarie explains Megaport requires these new contracts to generate attractive returns over the initial term, with potential upside to internal rates of return above 20% if contracts are extended or assets are later redeployed into the broader compute pool.

Ord Minnett estimates additional organic growth of US$10m-US$15m from pricing and utilisation improvements tied to the newly announced Latitude contracts.

This potential ourcome is complemented by US$8m from a prior contract announced in April and a partial-year contribution from the new US$65m annualised contracts.

Combined, Ord Minnett expects FY27 compute revenue to exceed US$130m, equivalent to more than $180m at current exchange rates.

The new Latitude contracts are described as materially strengthening Megaport's medium-term earnings outlook, supporting meaningful upgrades to forecasts beyond FY26.

Latitude uses both NVIDIA and AMD chips, mitigating supply risk, Macquarie highlights.

This broker also notes Megaport is not directly competing with neocloud providers for AI Factory GPU supply, as the rack densities required for these deployments are materially lower than those associated with high-density AI applications.

In mid-April, Citi noted a surge in GPU rental demand, with Latitude's GPUs sold out and pricing increasing, suggesting upside risk at the time to Megaport's annual recurring revenue (ARR) and FY27 forecasts.

Morgan Stanley notes AI customers are not simply purchasing GPUs, but the broader infrastructure stack required to deploy applications at scale, including CPU, storage and network connectivity.

Ord Minnett comments Latitude appears to be tracking strongly against acquisition growth targets.

Contingent consideration payments tied to the acquisition are linked to revenue milestones of US$74m in 2026 and US$115m in 2027.

The original Latitude acquisition announcement noted the maximum number of shares to be issued under the earnout would be 14.6m, with any shortfall in value to be paid in cash.

Despite higher capital requirements, the broker suggests Megaport remains well funded, supported by a strong net cash position and expanded debt facilities, providing flexibility to fund earn-outs, future growth initiatives and additional investment opportunities.

Capex requirement

An important feature of Compute-as-a-Service is the close relationship between upfront equipment investment and the subsequent cash flows generated over the contract term, Canaccord explains.

While this provides potential for materially higher earnings growth, it also carries a significant upfront capital expenditure requirement.

ARR will be recognised incrementally as hardware is deployed and becomes operational.

It's anticipated the full contribution will be added on run-rate basis by the end of the first half of FY27.

Management noted the contracts will require -$140m of capex for high-performance NVIDIA GPUs, compute, network, and storage hardware, assuming the equipment for the announced contracts be delivered prior to financial year end.

Morgan Stanley believes the key debate has shifted from demand validation to execution, utilisation and returns on invested capital.

Management does not speculate on large deals, Macquarie highlights, requiring signed take-or-pay contracts before purchasing servers.

Morgan Stanley notes CPU infrastructure is a more competitive and less differentiated market than network connectivity, meaning the key issue for Megaport extends beyond demand to its ability to efficiently deploy capacity, maintain utilisation and generate attractive returns on invested capital.

Outlook

With compute ARR building materially faster than previously modelled, Canaccord increases its FY27 group revenue and earnings forecasts for Megaport by 10% and 20%, respectively, driven entirely by the Compute segment while Networking forecasts remain unchanged.

This broker believes the market is pricing in ongoing investment into, and earnings growth from, the Compute business to meet what appears to be very robust demand.

Macquarie believes the Compute business enhances Megaport's core network offering while delivering attractive unit economics.

At around 11x FY27 earnings, this broker argues the current Megaport share price implies an 18% sales compound annual growth rate (CAGR) that appears too conservative given the company's growth opportunity.

Stockbroker Morgans only updated its thoughts and modeling this morning and the over-arching views are just as positive and supportive as the above quoted peers. Morgans sees improving margins, among many more positives, leading the way to a share price re-rating.

Megaport's updated price target at Morgans is now $15.50, up from $13.50 prior, alongside an unchanged Buy rating. This leaves Citi (Buy, target $15) as the laggard that hasn't yet updated. Citi analysts have been issuing bullish commentary prior to the contracts announcement.

FNArena's consensus price target for Megaport has now risen to $16.07 suggesting 24.9% upside to the share price, even after the rally that has followed the news. Megaport shares closed at $12.87 yesterday.

Four of the daily monitored brokers carry Buy or equivalent ratings, while Morgan Stanley has a Hold-equivalent rating and Ord Minnett is on Accumulate, positioned between Buy and Hold on its ratings scale.

Outside of daily coverage, Canaccord Genuity retains a Buy rating and raises its target to $15.85 from $14.30.

Jarden has been quiet for a while; its latest price target sat at $17.63, alongside a Buy rating.

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

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 15-05-26

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

By Mark Woodruff

Guide:

The FNArena database tabulates the views of seven major Australian and international stockbrokers: Citi, Bell Potter, Macquarie, Morgan Stanley, Morgans, Ord Minnett, 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 May 11 to Friday May 15, 2026
Total Upgrades: 3
Total Downgrades: 7
Net Ratings Breakdown: Buy 66.08%; Hold 27.30%; Sell 6.61%

For the week ending Friday, May 15, 2026, FNArena recorded three upgrades and seven downgrades from seven brokers monitored daily across ASX-listed companies.

In a developing trend, falls in target prices (valuations) and earnings forecasts materially outweigh increases for the fourth successive week.

The Australian share market is experiencing a trend of net downgrades, which also corresponds with companies like CSL and Cochlear issuing profit warnings, while others, such as CommBank and its peers, release underwhelming market updates.

Though, as also shown in FNArena's **Corporate Results Monitor**, not all market updates are negative: https://fnarena.com/index.php/reporting_season/

Salary packaging and novated leasing services provider Smartgroup Corp's average target rose by around 9% last week after a trading update in the prior week revealed novated leasing orders had increased by 22% year-on-year and settlements rose 7%, driven by electric vehicle demand.

Battery electric vehicles now account for 59% of new orders, supported by higher fuel prices and policy certainty, Ord Minnett observed. While yields softened slightly, it's noted volume growth and revenue momentum remain solid.

Management was also pleased to see the Government "reaffirm its commitment to the Electric Car Discount Policy" given policy certainty is important to maintaining strong EV uptake and provides confidence for manufacturers and charging providers to invest.

Certainly, policy clarity supported a higher FY27 multiple of 16.0x (from 13.0x) from the analyst at Macquarie.

Network-as-a-service and infrastructure-as-a-service provider Megaport follows next with a near 7% jump in average target after announcing a major contract win for its Latitude business, providing strong validation of the company's expansion into AI infrastructure beyond core connectivity, Morgan Stanley suggested.

The company also appears among those with declining average earnings forecasts. This reflects the fact the contract wins are expected to support upgrades from FY27 onwards. FY26 is about to end and carries the costs and expenses first.

A full account of analysts' views on Megaport will be available in an article on the FNArena website later this week.

Average targets also rose for Macquarie Group, Dyno Nobel and News Corp. Commentary on reporting ‘beats’ by these three companies is available in the FNArena Corporate Results Monitor at https://fnarena.com/index.php/2026/05/15/fnarena-corporate-results-monitor-15-05-2026/.

A more detailed account of analysts'views on Dyno Nobel’s interim results is also available at https://fnarena.com/index.php/2026/05/14/new-look-dyno-nobels-explosive-first-half/, and for News Corp’s quarterly update at https://fnarena.com/index.php/2026/05/13/news-corp-en-route-for-record-fy26-profit/

Macquarie Group appears second for positive change to average earnings forecasts, behind medical device manufacturer ImpediMed.

ImpediMed’s 12% rise in FY26 forecast is heavily impacted by the small numbers involved.

The company, which develops devices for non-invasive fluid measurement in the body, received a near -40% cut in average target price following a placement of $13m at 1c per share with an additional $2m raised via a share purchase plan.

Ord Minnett suggested the fourth quarter will be a transformational period for the company following its capital raise, new CEO appointment and implementation of a cost-out program exceeding -$5m.

The cost-out program comprises headcount reductions, relocating certain roles to Australia from the US, and broader cost savings initiatives, Bell Potter explained.

While this program is seen as encouraging, the path to breakeven still depends on revenue growth, this analysts cautioned.

Automotive aftermarket parts and services company Bapcor received the largest cut (-47%) in average target following a -5% downgrade in FY26 earnings guidance (yet another one) with management blaming challenging trading conditions arising from higher interest rates and the Middle East war.

Macquarie observed the trend deteriorated over the course of April, with weaker conditions now expected to remain over FY26 as lower consumer and business confidence weigh on consumer sentiment. Higher costs and the depreciation of the New Zealand dollar provided additional headwinds.

Citi lowered its target for Bapcor to 40c from 76c and downgraded to Sell from Neutral.

This broker noted risks around balance sheet metrics with slower-than-expected inventory reduction and potential covenant pressure despite temporary relief from lenders.

CSL’s -31% fall in average target is explained at length in https://fnarena.com/index.php/2026/05/13/csl-challenges-pile-on-wheres-the-upside/ The company's average FY26 earnings forecast rose by nearly 2% last week because the bulk of broker downgrades impacted FY27 and beyond.

Online furniture and homewares retailer Temple & Webster, software services provider Gentrack Group, and GrainCorp also received material reductions in target prices last week.

Temple & Webster’s trading update last week showed revenue and earnings are tracking toward the lower end of guidance, below consensus expectations.

Given the deteriorating macro backdrop, Macquarie lowered its target to $4.75 from $13.70 and downgraded to Neutral from Outperform, having lost confidence in management’s ability to achieve the scale required to deliver operating leverage over the next 12 months.

Citi, which lowered its target by -$2.40 to $5.60, suggested a greater focus on profitability over growth may pressure valuation multiples and reinforce concerns around management's ability to grow revenue and margins simultaneously.

This concentration on profitability was seen as a positive by Overweight-rated Morgan Stanley, given it has driven record April earnings and improved operating leverage, positioning FY27 earnings materially ahead of expectations even in a low-growth environment.

Management at Gentrack lowered its FY26 earnings guidance to around -50% below the consensus estimate,

observed Ord Minnett.

The downgrade is a reflection of delays in second generation (G2) pipeline conversion (for its billing and customer management software) and weaker non-recurring project revenue.

The range of outcomes for Gentrack remains wide. Morgan Stanley noted material new contracts and G2 traction underpin a compelling bull case, but contract losses, lack of reference customers, and pipeline uncertainty suggest scope for further deleverage.

Agribusiness company GrainCorp reiterated FY26 guidance for underlying earnings and underlying net profit after tax despite challenging seasonal conditions across northern NSW and Queensland.

While management explained elevated working capital is expected to unwind during 2H26, supporting a recovery in core net cash, Macquarie highlighted weaker operating cash flow and the absence of a special dividend, reflecting a more uncertain outlook.

Morgans' outlook for the FY27 winter crop is similarly cautious given cost pressures and the dry weather outlook from the Bureau of Meteorology.

GrainCorp's strategic assets are worth materially more than the current share price, in this broker's view. However, with earnings expected to decline again in FY27 and limited near-term catalysts, Morgans' target is reduced to $5.62 from $6.76 and the rating downgraded to Hold from Accumulate.

Uranium miner Paladin Energy received the most material reduction in average earnings forecast from analysts after releasing March quarter financials.

The -US$3m loss surprised, with shares falling -12% following the ASX release.

Sell-rated Ord Minnett anticipated the loss would widen to -US$46m in the June half, as guidance points to significantly higher June quarter operational costs.

A further negative surprise for the broker were administrative, depreciation and amortisation, and selling costs, which were well above estimates.

Coronado Global Resources is next on the list after revealing first quarter saleable production was negatively impacted by weather disruptions.

Management is implementing initiatives to lift productivity. Ord Minnett anticipated operating conditions would improve in coming quarters, supporting a more sustainable performance through the remainder of 2026.

The Hold-rated broker lowered its target for Coronado by -10c to 26c.

Life360's average earnings forecast for FY26 fell by circa -25%. This week, FNArena will be publishing an article explaining why strong first quarter revenue and earnings were insufficient to dispel market concerns around monthly active users.

Total Buy ratings remain elevated at 66.08%, with Sell ratings at just 6.61%, leaving 27.30% on Neutral/Hold.

Upgrade

CODAN LIMITED ((CDA)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 2/2/0

Codan's DTC UxV radios, used in unmanned aerial vehicles, are the largest and fastest-growing of the UxV segment and opportunities are expanding across other platforms including ground and marine communications, Macquarie observes.

Recent conflicts have underscored the future of warfare is increasingly reliant on these systems. The broker also notes budget allocations to these systems are growing across almost all defence forces.

Rating is upgraded to Outperform from Neutral and the target lifted to $44.20 from $42.00. The FY26 results are due August 20.

INGHAMS GROUP LIMITED ((ING)) Upgrade to Neutral from Underperform by Macquarie .B/H/S: 1/3/0

Macquarie has upgraded Inghams Group to Neutral from Underperform with an unchanged target of $1.80 post the Investor Day.

Management reiterated guidance for FY26 which was viewed positively and reflected an ability to navigate inflationary pressures.

Strategically, the focus is on a better product mix with growth segments such as free range, organic,

convenience nutrition and experience singled out by management.

The analyst ponders how challenging it will be to attract customers to differentiated products in higher value categories when the market is used to private label produce.

Earnings growth will continue to be boosted by better cost of production as well as improvements across the supply chain and yield factors.

Earnings forecasts are tweaked higher by 2% for FY26-FY28.

NEWS CORPORATION ((NWS)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 3/0/0

News Corp posted US$343m in EBITDA in the March quarter, up 18% and ahead of Macquarie's estimates. The broker notes the business is executing on AI content licensing deals, reinforcing the proprietary nature of its data.

The main contributor to the result was digital real estate services, accounting for 11 percentage points of the EBITDA growth. News media underperformed, with lower UK earnings amid costs for the California Post launch.

Macquarie envisages content licensing deals with AI platforms are a big opportunity. Rating is upgraded to Outperform from Neutral and the target rises to $46.25 from $44.40.

Downgrade

AMOTIV LIMITED ((AOV)) Downgrade to Neutral from Buy by Citi .B/H/S: 3/1/0

Citi leaves FY26 earnings estimates largely unchanged for Amotiv while trimming FY27 and FY28 EPS by -6% and -3%, respectively. This is primarily driven by lower margins amid upward pressure on raw materials and freight that is partially offset by FX tailwinds and modest price increases.

Rating is downgraded to Neutral from Buy, although the broker acknowledges the stock's valuation appears undemanding. Target is reduced to $6.70 from $9.30, reflecting lower earnings and larger discount to peers for the 4WD segment.

This also reflects increased earnings risks given potential for deterioration in the Middle East conflict and adverse impact on end-user demand.

BAPCOR LIMITED ((BAP)) Downgrade to Sell from Neutral by Citi .B/H/S: 0/2/2

Citi lowers its target for Bapcor to 40c from 76c and downgrades to Sell from Neutral following a trading update.

A summary of the broker's initial views follows.

At first glance, Citi suggests a further deterioration in investor sentiment towards Bapcor is likely following an earnings downgrade today (yet again), raising concerns over the credibility of management's turnaround strategy.

FY26 underlying earnings guidance has been reduced to $140m-$150m from $150m-$160m, reflecting weaker trading conditions, cost pressures and currency headwinds.

Specifically, management attribute the downgrade to the impact of the Middle East conflict and higher interest rates, with weaker trading conditions since March 2026, rising fuel, freight and supplier costs in April.

A softer NZD/AUD exchange rate also weighed on translated earnings from the New Zealand business, the broker highlights.

Risks around balance sheet metrics are flagged, with slower-than-expected inventory reduction and potential covenant pressure despite temporary relief from lenders.

Citi remains cautious, noting increased competition and ongoing execution challenges.

CSL LIMITED ((CSL)) Downgrade to Neutral from Buy by Citi .B/H/S: 3/4/0

Citi downgrades CSL to Neutral from Buy and lowers the target to $110 from $200. This follows a fall of -16% in the stock as a result of the latest profit downgrade post the company's business review.

While there are arguments the bad news is "baked in", the downgrade occurs because the broker does not believe immunoglobulin and albumin are on a firm footing and suspects investors will remain cautious.

Turnarounds in large therapeutic companies are considered long-term projects in the broker's experience.

Low-mid single-digit earnings growth is anticipated in the medium term. Citi cuts FY26 net profit estimates by -10% in FY26 and by -15% in FY27, with reductions to major sales lines and forecast Behring gross margins.

ELEVRA LITHIUM LIMITED ((ELV)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/1/0

Elevra Lithium's revised North American Lithium (NAL) project expansion study outlines a staged development plan with earlier-than-expected production and unchanged capex, Macquarie highlights.

A $441m financing package provides funding certainty, in the analyst's view, supporting both the NAL expansion and Moblan Lithium project development activities.

Production is expected to increase modestly post-expansion, with staged delivery reducing execution risk.

Macquarie lifts its target to $13.50 from $11.60 but downgrades to Neutral from Outperform following recent share price strength.

GRAINCORP LIMITED ((GNC)) Downgrade to Hold from Accumulate by Morgans .B/H/S: 1/3/0

GrainCorp delivered a first half result that was largely in line, albeit weak, with underlying EBITDA down -32% to $136.7m. The company has reiterated FY26 earnings guidance.

Morgans notes the outlook for the FY27 winter crop is cautious, given cost pressures and the dry outlook from the Bureau of Meteorology, and downgrades its crop forecasts, noting a significantly larger-than-expected cash outflow was reported while the era of special dividends appears to be over.

The broker points out the strategic assets are worth materially more than the current share price but as earnings appear set to decline again in FY27 there is a lack of catalysts so the rating is downgraded to Hold from Accumulate. Target is reduced to $5.62 from $6.76.

MACQUARIE GROUP LIMITED ((MQG)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 2/3/0

Ord Minnett describes a "stellar" FY26 result from Macquarie Group, with earnings comfortably ahead of expectations, driven by standout performances in Commodities and Global Markets and Macquarie Capital.

Outcomes for Macquarie Asset Management and Banking and Financial Services were broadly in line with consensus estimates, according to the broker.

Commentary notes exceptional trading conditions supported earnings.

FY27 guidance points to broadly stable earnings across divisions, albeit dependent on market conditions, the broker cautions.

Management signalled openness to M&A, potentially in private credit, supported by a more conservative capital management approach, Ord Minnett observes.

Ord Minnett retains a $255 target price, and downgrades to Accumulate from Buy on valuation grounds.

TEMPLE & WEBSTER GROUP LIMITED ((TPW)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 2/4/0

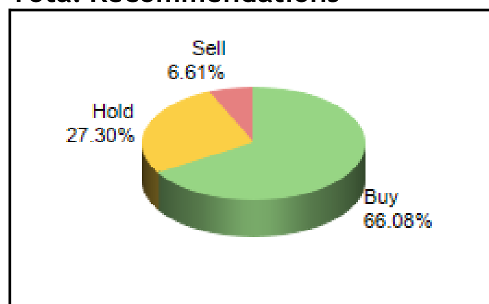
Macquarie loses confidence in Temple & Webster's path to scale that will enable operating leverage over the next year.

The company faces worsening macro headwinds amid recent rate rises and a federal budget that "disincentivises housing churn", the broker adds.

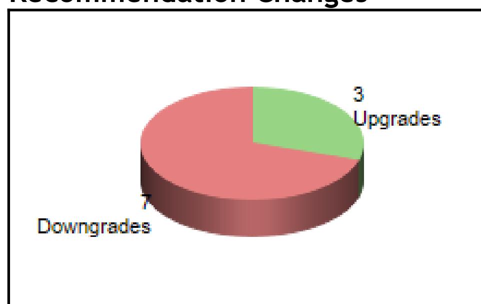
While constructive on the reduction of costs to preserve profitability, Macquarie believes newly-implemented marketing efficiencies will have a further drag on growth.

Rating is downgraded to Neutral from Outperform. The share price has fallen -56% since the February results. The broker reduces its target to $4.75 from $13.70.

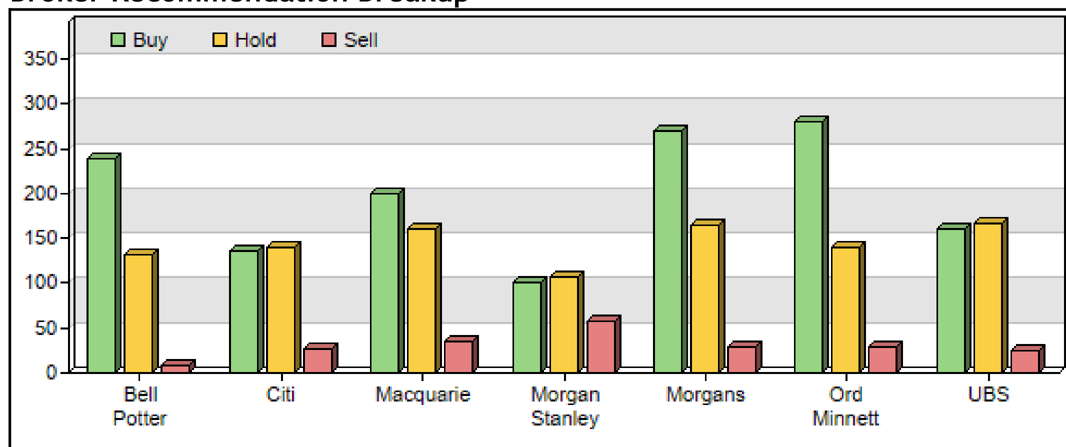
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	CODAN LIMITED	Buy	Neutral	Macquarie
2	INGHAMS GROUP LIMITED	Neutral	Sell	Macquarie
3	NEWS CORPORATION	Buy	Neutral	Macquarie
Downgrade				
4	AMOTIV LIMITED	Neutral	Buy	Citi
5	BAPCOR LIMITED	Sell	Neutral	Citi
6	CSL LIMITED	Neutral	Buy	Citi
7	ELEVRA LITHIUM LIMITED	Neutral	Buy	Macquarie
8	GRAINCORP LIMITED	Neutral	Buy	Morgans
9	MACQUARIE GROUP LIMITED	Buy	Buy	Ord Minnett
10	TEMPLE & WEBSTER GROUP LIMITED	Neutral	Buy	Macquarie

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	SIQ	SMARTGROUP CORPORATION LIMITED	11.188	10.238	9.28%	5
2	MP1	MEGAPORT LIMITED	16.075	15.090	6.53%	6
3	MQG	MACQUARIE GROUP LIMITED	251.264	240.704	4.39%	5
4	DNL	DYNO NOBEL LIMITED	3.642	3.496	4.18%	5
5	NWS	NEWS CORPORATION	52.125	50.200	3.83%	3
6	NWH	NRW HOLDINGS LIMITED	6.875	6.630	3.70%	4
7	MMS	MCMILLAN SHAKESPEARE LIMITED	19.400	18.800	3.19%	4
8	BHP	BHP GROUP LIMITED	56.067	54.400	3.06%	6
9	TLX	TELIX PHARMACEUTICALS LIMITED	26.100	25.400	2.76%	4
10	ALQ	ALS LIMITED	25.760	25.380	1.50%	5

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1						
2	BAP	BAPCOR LIMITED	0.484	0.918	-47.28%	5

3	IPD	IMPEDIMED LIMITED	0.020	0.033	-39.39%	3
4	CSL	CSL LIMITED	134.941	194.477	-30.61%	7
5	TPW	TEMPLE & WEBSTER GROUP LIMITED	10.508	14.400	-27.03%	6
6	GTK	GENTRACK GROUP LIMITED	4.137	4.860	-14.88%	4
7	GNC	GRAINCORP LIMITED	6.168	6.890	-10.48%	4
8	CRN	CORONADO GLOBAL RESOURCES INC	0.385	0.413	-6.78%	4
9	AOV	AMOTIV LIMITED	9.385	10.035	-6.48%	4
10	XRO	XERO LIMITED	137.742	144.075	-4.40%	6

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	IPD	IMPEDIMED LIMITED	-0.502	-0.569	11.78%	3
2	MQG	MACQUARIE GROUP LIMITED	1274.333	1171.275	8.80%	5
3	RWC	RELIANCE WORLDWIDE CORP. LIMITED	24.285	22.925	5.93%	6
4	ING	INGHAMS GROUP LIMITED	16.925	16.300	3.83%	4
5	FPR	FLEETPARTNERS GROUP LIMITED	35.767	34.733	2.98%	3
6	AX1	ACCENT GROUP LIMITED	6.325	6.180	2.35%	5
7	GNC	GRAINCORP LIMITED	16.750	16.475	1.67%	4
8	CSL	CSL LIMITED	949.841	935.074	1.58%	7
9	NWS	NEWS CORPORATION	156.784	154.806	1.28%	3
10	GTK	GENTRACK GROUP LIMITED	9.306	9.202	1.13%	4

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	PDN	PALADIN ENERGY LIMITED	-3.125	-0.295	-959.32%	6
2	CRN	CORONADO GLOBAL RESOURCES INC	-9.535	1.828	-621.61%	4
3	MP1	MEGAPORT LIMITED	-1.875	-1.100	-70.45%	6
4	BAP	BAPCOR LIMITED	2.000	4.925	-59.39%	5
5	360	LIFE360 INC	78.099	103.894	-24.83%	6
6	TPW	TEMPLE & WEBSTER GROUP LIMITED	8.375	9.620	-12.94%	6
7	BRG	BREVILLE GROUP LIMITED	94.033	97.533	-3.59%	6
8	SUL	SUPER RETAIL GROUP LIMITED	89.975	92.325	-2.55%	6
9	XRO	XERO LIMITED	119.443	122.426	-2.44%	6
10	ORG	ORIGIN ENERGY LIMITED	69.375	71.100	-2.43%	5

Technical limitations

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

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WEEKLY REPORTS

Uranium Week: Paladin Trips Over Higher Costs

Middle East supply challenges took another victim last week with Paladin Energy reporting an unexpected 3Q26 loss as costs rose.

- **Uranium producers hit by rising costs; Paladin's turn to disappoint**
- **U308 spot price market subdued**
- **Goldman Sachs' long term bullish view on nuclear energy**
- **Lotus Resources is back as most shorted ASX stock**

By Danielle Ecuyer

Producing U308 at higher costs

Australian uranium stocks are not immune to egregious stock price moves post quarterly updates.

It was **Paladin Energy's** ((PDN)) turn last week to be popped into the meat grinder of disappointment post releasing its March quarter financial statements.

As highlighted by Ord Minnett, the shares "tanked" -12% as a net profit after tax loss of -US$3m surprised friend and foe.

Admin and depreciation & amortisation costs were around twice as high as the analyst's forecasts. Selling costs also proved more elevated than expected.

The changes result in earnings (EBITDA) forecasts being lowered by -12% to -15% across future estimates.

The April cost guidance from Paladin of US$44/lb-US$48/lb also inferred higher costs for the June quarter.

The move to full scale mining at Langer Heinrich, as well as higher diesel and reagent prices, are at play, the broker explains.

The ramp up of Langer Heinrich to full scale production of 6mlbs is expected by June. The Patterson Lake South project in Canada is continuing to progress through regulatory approvals.

With no evidence of an end to the war in the Middle East or to supply challenges across energy markets, Ord Minnett expects diesel and reagent prices to remain high through to the end of 2026.

Ord Minnett has been one of the more outspoken commentators around Paladin and continues to rate the stock as a Sell on what is viewed as a "lofty" valuation of 21x FY27 earnings (EBITDA).

The company does not pay a dividend, hence shareholders require an upbeat view on the uranium market and a "long term investment" outlook.

On the back of reduced earnings forecasts, the target price is trimmed to $9.50 from $9.75.

Overall, Ord Minnett believes it is hard to "justify" the share price at current levels, which infer less than a 3% operating cash flow yield until Patterson Lake South commences in 2032.

On Monday, the shares closed at $10.38 in Sydney.

US utility's Request for Proposal drains interest in spot market

As highlighted by industry consultants TradeTech, the spot price market was relatively light on transactions over the course of last week.

A total of 450klbs of U308 amounted to nine transactions, with four on Monday (May 11) for 200klbs of U308.

Two deals took place on Wednesday, two deals on Thursday and one wrapped up the week on Friday. The U308 spot price traded in a range of US$86.50/lb to US$86.75/lb and closed the week down -US$0.25/lb at US$86/lb post the final transaction for 50klb delivery in June at Orano's facility in France.

As has been the case for the prior few weeks, the consultants highlighted buyers preferring to pay a higher price for delivery of material at ConverDyn's US facility.

The more subdued U308 spot market was attributed to market participants being more focused on submitting long-term offers to the Requests for Proposal from a large US utility for up to 7.2mlbs of U308 between 2027 and 2035.

The TradeTech Mid-Term U308 price indicator stands at US$86/lb and the Long-Term price indicator at US$90/lb.

As energy supply challenges remain elevated globally, Italy is the latest country to announce the government is looking to approve a legal framework to restart nuclear power generation.

After the country shuttered its last two operating plants in 1990, post a referendum to phase out nuclear power after Chernobyl in 1987, the government is aiming to reintroduce nuclear energy generation via the development of small modular reactors, supported by the private sector.

TradeTech also highlights the latest update from Goldman Sachs' Nuclear Nuggets: Global Reactor Tracker.

The broker's modeling has added around 46GW of small modular reactor (SMR) deployments by 2045. In turn, this raises its nuclear generation forecast by 6% and adds 62mlbs of U308 demand, or a 17% rise over prior long-term forecasts.

In other corporate news, Peninsula Energy ((PEN)) raised US$56m for the expansion of its Lance project in Wyoming, including an institutional placement of 62.4m shares at $0.35, which was fully underwritten to raise $21.8m.

Latest short interests

According to ASIC data from May 12, Lotus Resources ((LOT)) has moved back up to the most shorted stock on the ASX.

The short position rose 0.9% to 16.01% over the prior week.

Boss Energy ((BOE)) is in sixth position with a slight decrease in short positioning to 13.26% from 13.31%.

Paladin stands in fifteenth position with a 9.41% short interest, up slightly from 9.11% the previous week.

Peninsula Energy shorts rose by 0.54% to 1.22%.

For more U308 reading from FNArena, see:

https://fnarena.com/index.php/2026/05/12/uranium-week-shorts-surge-in-u308-stocks/

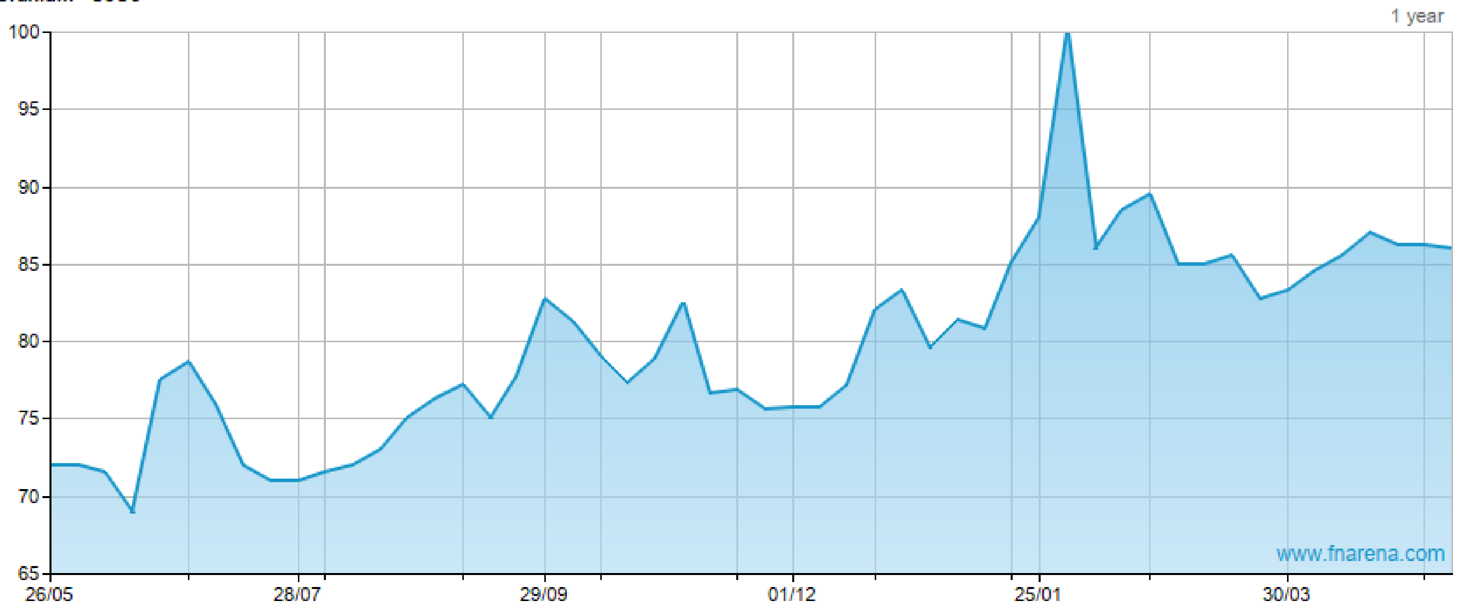
https://fnarena.com/index.php/2026/05/05/uranium-week-prices-rise-producers-struggle/

https://fnarena.com/index.php/2026/04/28/uranium-week-rising-interest-from-utilities/

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	15/05/2026	0.0600	0.00%	$0.16	$0.05			
AEE	15/05/2026	0.1300	▼- 7.14%	$0.28	$0.11			

AGE	15/05/2026	0.0400	▼-11.11%	$0.06	$0.02		$0.070	▲75.0%
AKN	15/05/2026	0.0200	0.00%	$0.03	$0.01			
ASN	15/05/2026	0.0600	▲27.27%	$0.13	$0.04			
BKY	15/05/2026	0.3900	▼- 3.49%	$0.70	$0.37			
BMN	15/05/2026	3.7100	▼- 9.60%	$5.25	$2.23		$4.800	▲29.4%
BOE	15/05/2026	1.2600	▼-10.81%	$4.75	$1.07	24.0	$1.575	▲25.0%
BSN	15/05/2026	0.0400	0.00%	$0.08	$0.01			
C29	15/05/2026	0.0300	▼- 2.94%	$0.04	$0.01			
CXO	15/05/2026	0.3200	▼- 5.80%	$0.39	$0.08		$0.300	▼- 6.3%
CXU	15/05/2026	0.0500	▼-11.29%	$0.07	$0.01			
DEV	15/05/2026	0.1900	▼- 7.14%	$0.28	$0.07			
DYL	15/05/2026	1.6500	▼- 5.52%	$2.97	$1.15	-60.7	$2.215	▲34.2%
EL8	15/05/2026	0.2600	▼- 3.70%	$0.50	$0.24			
HAR	15/05/2026	0.1200	▼- 3.57%	$0.25	$0.05			
I88	15/05/2026	0.1600	0.00%	$0.76	$0.08			
KOB	15/05/2026	0.0400	▼- 2.56%	$0.09	$0.03			
LAM	15/05/2026	0.7300	0.00%	$0.93	$0.56			
LOT	15/05/2026	0.6200	▼-21.05%	$3.20	$0.63		$2.200	▲254.8%
MEU	15/05/2026	0.1100	▼- 4.55%	$0.19	$0.04			
NXG	15/05/2026	15.5700	▼- 6.46%	$20.47	$8.24	-13218.5	$20.150	▲29.4%
ORP	15/05/2026	0.0700	▼- 4.29%	$0.08	$0.02			
PDN	15/05/2026	10.2900	▼-19.38%	$15.10	$5.41	-228.5	$13.217	▲28.4%
PEN	15/05/2026	0.3800	▼-10.00%	$1.08	$0.28			
SLX	15/05/2026	5.4200	▼- 9.27%	$10.85	$2.95			
TOE	15/05/2026	0.5500	▼- 2.56%	$0.63	$0.16			
WCN	15/05/2026	0.0200	▲21.43%	$0.03	$0.01			



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WEEKLY REPORTS

In Brief: Imricor, COG Financial & Alicantro

Analysts highlighted positive momentum across Imricor, COG Financial and Alicanto, driven by expanding growth opportunities, supportive industry trends, and improving commercial and exploration outlooks.

- **Analysts upbeat on Imricor's MRI-guided cardiac technology as regulatory and commercial momentum builds**
- **COG positioned for continued growth in novated leasing amid rising EV adoption**
- **Alicanto's Mt Henry drilling campaign highlights significant gold exploration upside in WA**

By Danielle Ecuyer

This week's quote comes from Jarden economists Danny Kim and Micaela Fuchila:

"The economy is losing momentum. Consumers were already under pressure before the Middle East conflict; three rate hikes and an energy shock have only made it worse, cutting into discretionary spending.

"Consumer sentiment is falling across the board and even outright homeowners with no mortgage are feeling it, which tells you this is bigger than just rate pain."

All aboard the Imricor express

Imricor Medical Systems ((IMR)) caught the attention of analysts this week, in a positive sense.

Jarden initiated coverage.

The medtech company has developed the only MRI-compatible cardiac ablation (CA) platform, addressing the limitations of conventional electrophysiology.

Cardiac ablation procedures can now be performed inside an MRI scanner in real time, surpassing existing technology which lacks soft tissue visualisation. As noted by Jarden, this has the potential to improve patient outcomes.

Jarden highlights NorthStar as a 3D cardiac mapping and guidance system used during electrophysiology (EP) and cardiac ablation procedures inside an MRI suite, rather than relying on traditional X-ray fluoroscopy.

The company recently raised US$43m via an equity issue, taking cash on hand to US$74m. Canaccord Genuity expects the proceeds to be directed towards sales and marketing (around 30%), R&D for product development and clinical trials (circa 50%), with the balance allocated to working capital.

In the near term, this broker expects commercial milestones including initial US sales of NorthStar, likely within the paediatric setting.

With approval already secured in Europe for the full product offering, and three products approved by the FDA, Jarden believes the regulatory backdrop is now largely de-risked. Full US FDA approval is anticipated in early 2027.

The cardiac ablation market is expected to grow by 15% annually and reach around US$22bn by FY30.

Following attendance at the 2026 Heart Rhythm Society (HRS) Conference in Chicago, Taylor Collison said Imricor's investment case was strengthened after doctors highlighted the potential for MRI-guided technology to significantly improve treatment of heart rhythm disorders.

Physicians expect VT ablation procedures to grow strongly, while Imricor's technology was also viewed as valuable in more complex heart procedures.

Doctors also noted the technology could help address current limitations with Pulse Field Ablation by providing clearer visualisation of whether treatment has worked effectively.

Taylor Collison has an Outperform rating and upgraded its target price to $3.45 from $2.78.

Canaccord Genuity is also Buy-rated with a slightly lower target price of $2.28, down -2% from the prior target.

Importantly, this broker believes negative sentiment around the company's ability to scale operations should begin to ease. There are at least twenty US hospitals with an MRI already located within the cardiology department.

Imricor recently highlighted fifty hospitals, some involved in the VISABL-AFL trial, which is focused on treating atrial flutter (AFL) using MRI-guided cardiac ablation technology.

The trial is designed to demonstrate doctors can safely and effectively perform heart rhythm procedures inside an MRI machine rather than using traditional X-ray guidance.

Jarden initiates coverage with a Buy rating and $3.30 target, highlighting the opportunity for NorthStar to expand into additional applications including urology, neurology, stem cell injection delivery, and structural heart procedures, materially increasing the total addressable market.

A long runway of growth for BEV leasing

Against a backdrop of new regulations for novated leases of electric vehicles, **COG Financial Services** ((COG)) presented at Shaw and Partners' Emerging Companies Financials Conference, describing operating momentum as "strong".

Within the Leasing Division, representing 47% of forecast FY27 earnings (EBITDA), COG pointed to growing market share in novated leasing and salary packaging.

Shaw attributes the market share gains to more "diligent and nimble services" relative to peers, which have held contracts for over a decade across salary packaging and leasing.

The recently built unified IT platform allows COG to integrate acquired companies across one system, compared to competitors which often operate multiple systems.

Strategically, management continues to pursue acquisitions in novated leasing and salary packaging, with Shaw stressing the division remains in growth mode and requires additional capacity.

"Cost cutting is not the focus".

Notably, the March quarter delivered record volumes of battery electric vehicle (BEV) leases, up 35% on the December quarter. March also represented a record month for BEV leasing across the industry, rising 100%.

Shaw points to demand tailwinds from the Middle East war increasing petrol and diesel costs, alongside the decline in the average price of a leased BEV to $57,000 in the March quarter, down from $61,000 in 2025.

In Australia, only 1% of the country's 22.5m vehicles are electric.

Regarding Broking and Aggregation, estimated at 53% of Group FY27 earnings (EBITDA), management explained that division has generated ongoing growth in volumes or assets financed since FY16. The three-year compound annual growth rate stands at 10%, with 1H26 volume growth above 7%.

COG operates the largest broker network in Australia with more than 35% market share by value. More than 60 lenders distribute loans through the platform, with the primary market serviced being small and medium-sized businesses.

Concurring with the broker, management agreed a prolonged war could negatively impact the division.

The stock is Buy-rated with an unchanged target of $2.45.

Alicanto covered with gold dust

Canaccord Genuity initiated coverage on **Alicanto Minerals** ((AQI)) this week with a Speculative Buy rating and

a $3.35 target.

Alicanto recently acquired the now 100%-owned Mt Henry-Selene Gold Project in the Eastern Goldfields of Western Australia, around 210km south of Kalgoorlie.

The project hosts a resource of 24.5Mt at 1.2g/t Au for 915koz across three main deposits, Mt Henry at 232koz at 1.5g/t, Selene at 651koz at 1.1g/t, and North Scotia at 32koz at 2.6g/t.

Mt Henry is described as an underexplored system in a Tier-1 jurisdiction within the Norseman-Kalgoorlie greenstone belt. The project sits in the same region as Northern Star's ((NST)) 38.9Moz resource base, Evolution Mining's ((EVN)) 7.2Moz Mungari operation, and Pantoro Gold's ((PNR)) 4.6Moz Norseman Gold Project.

The project has granted mining leases, sealed road access and existing infrastructure, while Westgold Resources ((WGX)) is a 19.9% strategic investor.

The broker highlights significant exploration upside, with a fully funded 50,000m multi-rig drilling campaign underway, representing the first systematic exploration program across the project in more than 25 years.

Recent drilling confirmed mineralisation extending beyond the current Resource at both Mt Henry and Selene. At Mt Henry, assays including 21.4m at 1.6g/t Au and 9.5m at 3.5g/t Au extended mineralisation around 75m down plunge.

At Selene, step-out drilling returned broad intercepts including 28.6m at 2g/t Au and extended the system by around 100m down plunge.

The broker notes Selene is the project's largest unmined deposit, with mineralisation extending across 1.3km of strike and widths of up to 40m, supporting potential bulk-tonnage open-pit expansion.

Regional drilling also returned high-grade results outside the existing Resource, including 10m at 88.2g/t Au and 13m at 13.3g/t Au, reinforcing the district-scale exploration potential across the broader 16km corridor.

Canaccord assumes the current resource grows to around 2Moz and models a 3.5Mtpa operation producing 112koz at AISC of $3,004/oz over a seven-year mine life. Nameplate production is expected from early 2031, with pre-production capex estimated at -$400m.

The developer has entered earn-out agreements for its Swedish assets through two transactions. Separately, the company agreed to acquire around 90km² of exploration licences adjacent to Mt Henry, expanding the project footprint to around 150km².

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 22-05-26

A summary of the highlights from Broker Call Extra updates throughout the week past.

Broker Rating Changes (Post Thursday Last Week)

Upgrade

TECHNOLOGY ONE LIMITED ((TNE)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden upgrades TechnologyOne to an Overweight rating from Neutral with its target price increased to $31.00 from $30.00 following the release of half-year results.

First-half revenue grew 12% to $318m, missing consensus estimates by -4% due to the timing of contract wins.

Earnings before interest, tax, depreciation and amortisation met expectations, rising 12% to $131m, alongside a 9% increase in profit before tax to $89m.

Full-year guidance was maintained in anticipation of a strong second-half skew, leaving FY26 earnings per share estimates virtually unchanged.

The broker expects profit before tax growth could accelerate from the guided 18% to 20% range in FY26 to approximately 30% in FY27, underpinning the rating upgrade.

Downgrade

ELDERS LIMITED ((ELD)) Downgrade to Hold from Buy by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity downgrades Elders to a Hold rating from Buy and lowers its target price to $5.34 from $8.64 following a disappointing first-half result.

While group gross profit of $397m beat estimates by 7%, operating costs surged 25% on the prior corresponding period to -$276m.

The significant cost escalation is primarily attributed to the ongoing information technology system modernisation program, entirely overshadowing improved cash conversion and an initial five-month contribution from the Delta Agribusiness acquisition.

Sudden trajectory changes in operating expenses reduce forecasting confidence, prompting the broker to lower earnings per share estimates by -11% to -16% over the next three years.

The revised valuation reflects a lower 8.0x enterprise value to earnings multiple to account for reduced near-term predictability.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	TECHNOLOGY ONE LIMITED	Buy	Neutral	Jarden
Downgrade				
2	ELDERS LIMITED	Neutral	Buy	Canaccord Genuity

Price Target Changes (Post Thursday Last Week)

Company		Last Price	Broker	New Target	Old Target	Change
ALK	Alkane Resources	$1.49	Moelis	2.30	2.25	2.22%
ALL	Aristocrat Leisure	$50.88	Jarden	65.00	64.00	1.56%
ALQ	ALS Ltd	$23.81	Jarden	18.90	18.10	4.42%
ASX	ASX	$0.00	Jarden	58.75	57.15	2.80%
AVH	Avita Medical	$1.19	Canaccord Genuity	N/A	1.25	-100.00%
BAP	Bapcor	$0.38	Canaccord Genuity	0.45	N/A	N/A
BXB	Brambles	$16.97	Jarden	23.50	25.15	-6.56%
ELD	Elders	$5.62	Canaccord Genuity	5.34	8.64	-38.19%
EOS	Electro Optic Systems	$8.02	Canaccord Genuity	14.00	12.50	12.00%
FBU	Fletcher Building	$2.46	Jarden	4.01	3.67	9.13%
GGP	Greatland Resources	$12.91	Moelis	12.10	11.90	1.68%
GNC	GrainCorp	$4.71	Canaccord Genuity	6.88	7.51	-8.39%
			Jarden	5.50	6.00	-8.33%
GNP	GenusPlus Group	$9.53	Moelis	12.33	9.49	29.93%
GTK	Gentrack Group	$3.27	Moelis	7.86	9.47	-17.00%
			Shaw and Partners	7.40	8.00	-7.50%
HLS	Healius	$0.36	Jarden	0.47	0.77	-38.96%
IMR	Imricor Medical Systems	$1.82	Canaccord Genuity	2.28	2.33	-2.15%
MP1	Megaport	$12.83	Canaccord Genuity	15.85	14.30	10.84%
NWS	News Corp	$41.70	Jarden	47.70	46.30	3.02%
OBM	Ora Banda Mining	$1.30	Canaccord Genuity	2.25	1.75	28.57%
			Moelis	1.70	1.71	-0.58%
ORE	Orezone Gold Corp CDI	$2.38	Canaccord Genuity	5.00	4.25	17.65%
SDR	SiteMinder	$2.78	Jarden	5.80	7.65	-24.18%
SX2	Southern Cross Gold	$9.21	Shaw and Partners	14.40	6.03	138.81%
TNE	TechnologyOne	$29.16	Jarden	31.00	30.00	3.33%
TPW	Temple & Webster	$5.01	Canaccord Genuity	12.50	16.50	-24.24%
XRO	Xero	$76.54	Jarden	117.00	120.00	-2.50%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

ALK ALKANE RESOURCES LIMITED

Gold & Silver – Overnight Price: $1.47

Moelis rates ((ALK)) as Buy (1) –

Moelis Australia retains a Buy rating on Alkane Resources and an unchanged target price of $2.30 following the release of the March quarter earnings report.

Commentary states the integration of Mandalay's assets has led to the emergence of a high margin, cash-generating mid-tier producer.

FY26 net profit after tax estimates have increased modestly on lower depreciation and amortisation, while FY26-FY28 projections are effectively unchanged.

Operationally, the assets are executing on internal production and cost targets while enjoying a macro tailwind, the broker suggests, adding the market is likely underappreciating the scale of the company's transformation.

This report was published on May 18, 2026.

Target price is **$2.30** Current Price is **$1.47** Difference: **$0.83**
If **ALK** meets the Moelis target it will return approximately **56%** (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

CNB CARNABY RESOURCES LIMITED

Mining – Overnight Price: $0.59

Moelis rates ((CNB)) as Buy (1) –

Moelis reiterates a Buy rating for Carnaby Resources with a $0.95 price target following significant high-grade copper discoveries at the Trekelano deposit.

Recent drilling confirmed a new Footwall Lode discovery and a 400m extension of the Main Lode outside the current mineral resource.

The broker expects results to be incorporated into an updated resource estimate and feasibility study by mid-2026 prior to a final investment decision.

Near-term development is supported by a toll treatment agreement with Glencore, which avoids large capital expenditure on a new processing plant, the report states.

First ore production remains targeted for the second half of 2026.

This report was published on May 14, 2026.

Target price is **$0.95** Current Price is **$0.59** Difference: **$0.36**
If **CNB** meets the Moelis target it will return approximately **61%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

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

EOS ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED

Hardware & Equipment – Overnight Price: $8.82

Canaccord Genuity rates ((EOS)) as Buy (1) –

Canaccord Genuity retains a Buy rating for Electro Optic Systems with its target price increased to $14.00 from $12.50 following an update on the Marss group acquisition terms.

The maximum earnout rises to EUR140m, contingent on achieving EUR700m in new order intake within twelve months of closing.

Demand for counter-drone solutions in the Middle East drove EUR102m worth of orders in May, lifting the combined group backlog to $726m.

The transaction is funded by drawing ~$70m from an existing debt facility, leaving pro-forma net cash at $45m.

The broker considers the integration of these proprietary solutions a transformational step for the business, upgrading revenue forecasts by 15% in FY26 and 28% in FY27.

This report was published on May 18, 2026.

Target price is **$14.00** Current Price is **$8.82** Difference: **$5.18**

If **EOS** meets the Canaccord Genuity target it will return approximately **59%** (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

FBU FLETCHER BUILDING LIMITED

Building Products & Services – Overnight Price: $2.44

Jarden rates ((FBU)) as Buy (1) –

Jarden retains a Buy rating for Fletcher Building with a reduced target price of NZ$4.01 from NZ$4.16.

Commentary suggests a strategic shift toward a simpler, more focused business model has resulted in a refreshed board and the initiation of several non-core asset divestments.

A recent capital raise was materially dilutive but created a defensive balance sheet, with the broker arguing this positions the business better to navigate an extended downturn.

A potential sale of the Residential and Development division could close the valuation gap and accelerate value unlock, the broker notes.

Underlying earnings per share forecasts have been reduced to -14.3c for FY26 and -19.9c for FY27 due to a deteriorating volume backdrop and lower mid-cycle house build assumptions.

This report was published on May 17, 2026.

Target price is **$4.01** Current Price is **$2.44** Difference: **$1.57**
If **FBU** meets the Jarden target it will return approximately **64%** (excluding dividends, fees and charges).
Current consensus price target is **$2.76**, suggesting upside of **13.1%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **0.00** cents and EPS of **12.50** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **19.52**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **11.2**, 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 **21.8**.

Forecast for FY27:

Jarden forecasts a full year **FY27** dividend of **0.00** cents and EPS of **17.39** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.03**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **15.1**, implying annual growth of **34.8%**.
Current consensus DPS estimate is **1.1**, implying a prospective dividend yield of **0.5%**.
Current consensus EPS estimate suggests the PER is **16.2**.

This company reports in **NZD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **-0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

GNP GENUSPLUS GROUP LIMITED

Infrastructure & Utilities – Overnight Price: $9.95

Moelis rates ((GNP)) as Buy (1) –

Moelis maintains a Buy rating for GenusPlus Group with its target price increased to $12.33 from $9.49 following a trading update and acquisition announcement.

The company agreed to acquire MPC Kinetic Holdings, a move expected to provide complementary pipeline and civil capabilities alongside sector diversification.

Management upgraded FY26 guidance, now expecting earnings before interest, tax, depreciation and amortisation between $96m and $100m.

Commentary explains the revised outlook implies annual earnings growth of up to 48%, driven by a strong recurring revenue element.

Earnings per share estimates are lifted by 47% in FY27 and 49% in FY28 to reflect the integration of the newly acquired entity, the broker notes.

This report was published on May 20, 2026.

Target price is **$12.33** Current Price is **$9.95** Difference: **$2.38**
If **GNP** meets the Moelis target it will return approximately **24%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **6.60** cents and EPS of **26.70** cents.
At the last closing share price the estimated dividend yield is **0.66%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **37.27**.

Forecast for FY27:

Moelis forecasts a full year **FY27** dividend of **10.10** cents and EPS of **44.70** cents.
At the last closing share price the estimated dividend yield is **1.02%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **22.26**.

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

NEU NEUREN PHARMACEUTICALS LIMITED

Pharmaceuticals & Biotech/Lifesciences – Overnight Price: $12.42

Canaccord Genuity rates ((NEU)) as Buy (1) –

Canaccord Genuity retains a Buy rating for Neuren Pharmaceutical with an unchanged target price of $24.00 following a review of the upcoming European regulatory re-examination.

The European Medicines Agency published grounds for refusal of Daybue regarding efficacy interpretability and long-term benefit evaluation, requiring the sponsor to neutralise these criticisms with additional analyses for a successful resubmission.

A US-only valuation model implies the company's share of the drug is worth $11.17 per share, increasing to $13.09 when incorporating the Japanese market.

Adding a risk-adjusted $8.40 per share for the NNZ-2591 asset yields an overall valuation range between $19.57 and $21.49 should the European approval fail.

The rollout of the new Daybue Stix formulation is expected to drive incremental uptake among treatment-naive patients and prior discontinuations by addressing key administration limitations, the broker notes.

This report was published on May 20, 2026.

Target price is **$24.00** Current Price is **$12.42** Difference: **$11.58**

If **NEU** meets the Canaccord Genuity target it will return approximately **93%** (excluding dividends, fees and charges).
Current consensus price target is **$23.87**, suggesting upside of **92.2%**(ex-dividends)

Forecast for FY26:

Current consensus EPS estimate is **9.6**, implying annual growth of **-59.5%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **129.4**.

Forecast for FY27:

Current consensus EPS estimate is **33.4**, implying annual growth of **247.9%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **37.2**.

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

ORE OREZONE GOLD CORPORATION CDI

Gold & Silver - Overnight Price: $2.48

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

Canaccord Genuity maintains a Buy rating for Orezone Gold Corp CDI with an unchanged $5.00 target price following in-line first-quarter financial results.

All-in sustaining costs of $2,245 per ounce fell -14% below previous estimates due to tight cost control at the Bombore operation, the report highlights.

The broker notes jurisdictional risk has materially decreased following the acquisition of the Casa Berardi mine in Canada, which has reduced reliance on Burkina Faso.

Adjusted earnings per share of 7c matched consensus while record quarterly revenue was driven by strong gold prices.

Production guidance for 2026 is maintained at 160koz to 180koz with mining rates expected to be weighted toward the second half of the year.

This report was published on May 14, 2026.

Target price is **$5.00** Current Price is **$2.48** Difference: **$2.52**
If **ORE** meets the Canaccord Genuity target it will return approximately **102%** (excluding dividends, fees and charges).

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

SX2 SOUTHERN CROSS GOLD CONSOLIDATED LIMITED CHEES DEPOSITORY INTEREST REPR 1

Gold & Silver - Overnight Price: $9.45

Shaw and Partners rates ((SX2)) as Buy (1) -

Shaw and Partners retains a Buy rating for Southern Cross Gold with its price target increased to $14.40 from $6.03 following the transfer of company coverage to a new senior analyst.

Valuation methodologies have shifted to a discounted cash flow approach, which, commentary suggests,

highlights substantial project upside potential at the flagship Sunday Creek asset.

Ongoing drilling results and geological extension potential could extend the overall mine life or facilitate a larger mining capacity.

Exceptional site grades averaging 9g/t gold equivalent are expected to supercharge future project expansion returns.

Earnings per share projections are revised to -0.6c for FY26 and -0.2c for FY27, with a maiden mineral resource estimate anticipated in early 2027.

This report was published on May 19, 2026.

Target price is **$14.40** Current Price is **$9.45** Difference: **$4.95**
If **SX2** meets the Shaw and Partners target it will return approximately **52%** (excluding dividends, fees and charges).
The company's fiscal year ends in May.

Forecast for FY26:

Shaw and Partners forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 0.60** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 1575.00**.

Forecast for FY27:

Shaw and Partners forecasts a full year **FY27** dividend of **0.00** cents and EPS of **minus 0.20** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 4725.00**.

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

SYL SYMAL GROUP LIMITED

Industrial Sector Contractors & Engineers – Overnight Price: $2.46

Canaccord Genuity rates ((SYL)) as Buy (1) –

Canaccord Genuity retains a Buy rating for Symal Group with an unchanged target price of $3.50 following a detailed investor day.

The broker reports management demonstrated a proactive pivot away from slowing Victorian government infrastructure spending toward structural growth anchors including data centres, defence, and the energy transition.

The interstate opportunity pipeline builds significantly toward calendar year 2027, driven by a $30bn defence package in South Australia and Olympics-related infrastructure procurement in Queensland.

Emerging in-house electrical capabilities through the Searo division are expected to deepen customer wallet share across a $122bn grid-scale renewable investment market.

Canaccord Genuity concludes the valuation remains compelling at 6.5x FY27 enterprise value to earnings ratios against a median industry multiple of 10x.

This report was published on May 20, 2026.

Target price is **$3.50** Current Price is **$2.46** Difference: **$1.04**
If **SYL** meets the Canaccord Genuity target it will return approximately **42%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **8.50** cents and EPS of **21.10** cents.
At the last closing share price the estimated dividend yield is **3.46%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **11.66**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **9.40** cents and EPS of **23.10** cents.
At the last closing share price the estimated dividend yield is **3.82%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **10.65**.

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

WZR WISR LIMITED

Business & Consumer Credit - Overnight Price: $0.02

Shaw and Partners rates ((WZR)) as Buy (1) -

Shaw and Partners maintains a Buy rating for Wisr with an unchanged target price of $0.07 following a presentation at an emerging companies conference.

The loan book reached $1bn in the March quarter as the business continues to take market share from major lenders retreating from personal and vehicle finance.

Improved credit quality and a reduction in net losses are offsetting higher funding costs to maintain a stable risk-adjusted net interest margin.

Operating leverage is anticipated as headcount remains flat despite 68% growth in loan originations.

Earnings forecasts are unchanged, with management upgrading revenue guidance and targeting a cash net profit in the second half of FY26.

This report was published on May 14, 2026.

Target price is **$0.07** Current Price is **$0.02** Difference: **$0.049**
If **WZR** meets the Shaw and Partners target it will return approximately **233%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Shaw and Partners forecasts a full year **FY26** dividend of **0.00** cents and EPS of **0.00** cents.

Forecast for FY27:

Shaw and Partners forecasts a full year **FY27** dividend of **0.00** cents and EPS of **0.50** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **4.20**.

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

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