SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

SEPTEMBER

MONTHLY REPORT

Monthly Report

Our September monthly report is out now. See the global and Australian updates and trends.

+1.9%

ASX performance

-4.3%

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• **US markets:** US markets were weaker, with the Dow Jones down -4.3% and S&P500 down -4.8%, as sentiment remained weak amid concerns of President Joe Biden’s $4 trillion tax-and-spending plan facing challenges, and potential for market disruption should politicians in Washington fail to raise the debt-ceiling in time to avoid a default on U.S. obligations with the Congressional Budget Office predicting the U.S. Treasury is likely to exhaust its ability to borrow as soon as late October, and President Joe Biden, Fed Chair Jerome Powell and Treasury Secretary Janet Yellen, all warning that the U.S. government is at risk of breaking its legal debt limit, describing the risk as a “meteor” headed for the economy.

GLOBAL MARKET UPDATES

• Long-dated US treasury yields were higher, with the 2-Yr yield at 0.28% and 10-Yr yield steady at 1.49%. • European markets. European markets were lower, with the Stoxx Europe 600 Index down -3.4% and German DAX down -3.6%. UK FTSE declined -0.5%, after BOE Governor warned that Britain's GDP will now not recover to pre-pandemic levels until early 2022, up to two months later than anticipated in August, as staff shortages, shipping chaos and surging fuel costs are likely to cause further disruption as winter draws near. • Asian markets. Asian markets were mostly higher, with the Nikkei up +4.9% and KOSPI down -4.1%. The Shanghai Composite rose +0.7%, as concerns regarding a possible contagion from the collapse of China Evergrande Group and economic slowdown amid China's energy crisis were more than offset as PBOC continued to add liquidity into the financial system and pledged to push the real lending rates to fall further in efforts to stabilize the economy government, and the government vowed to continue efforts to stabilize commodity prices using a variety of measures and macro-level policies. • Commodities. Over the month, WTI oil price gained +9.9% to US$75.03/bbl, after OPEC decided to maintain a gradual supply hike of 400,000 barrel-a-day for November, even as a natural-gas crisis boosts crude demand, and predicted stronger demand for its crude, revising the world's appetite for OPEC crude up by 260k barrels a day for 2021. Iron ore prices declined -23.7% to US$116.8 per tonne and spot gold declined -3.1% to US$1,757 per ounce.

IN POLITICAL NEWS

• China continued its crackdown, with regulators taking aim at gaming firms for focusing solely on profit, the country banning all crypto transactions and vowing to root out mining of digital assets, and Beijing's increasing efforts to clamp down on money laundering and currency outflows, which also saw Macau laying plans to step up scrutiny of casino operators and increase local ownership, signalling tighter control.
• Fumio Kishida, the ex-foreign minister, became Japan's Prime Minister.

IN ECONOMIC NEWS

• **Australian RBA decision.** The RBA maintained its key interest rate at 0.1%, reiterating that conditions for a rate rise are not expected before 2024, and pushed ahead with a cautious winding back of its bond-buying program, announcing to purchase government securities at a pace of A$4bn a week, down from A$5bn previously, until at least mid-February.
• **Global growth outlook.** The UN forecast the global economy to undergo its fastest recovery in almost five decades in 2021, with world GDP surging +5.3% in 2021 due to “radical” policy interventions and a successful vaccine rollout in advanced economies, however, warned deepening inequities between advanced and developing countries threaten to undermine this. OECD announced global economy is growing faster than expected as it regains the levels it had before the height of the coronavirus pandemic a year ago, forecasting global economic growth of 5.7% in 2021 and 4.5% in 2022.
• **U.S.** FOMC decided to maintain the target range for its benchmark policy rate at 0-0.25% and continue purchases of Treasuries and MBS at a pace of $120bn per month (however signalled scaling back asset purchases as soon as November and complete the process by mid-2022), and upgraded its economic forecasts with GDP growth seen at 3.8% in 2022 and 2.5% in 2023 (both higher than the prior projections) and unemployment at 3.8% in 2022 and 3.5% in 2023 (both unchanged from prior estimates).
• **U.S.** manufacturing expanded in September at the fastest pace in four months, however, consumer confidence dropped for a third straight month.
• **China.** Activity in factory sector contracted in September for the first time since the pandemic began with manufacturing PMI below the 50-mark.
• **Europe.** ECB announced it will slow the pace of its pandemic bond-buying program in 4Q21, in a sign of confidence in the region’s economic recovery predicting the economy will return to pre-crisis levels by year-end, however, pledged to keep the 1.85 trillion-euro program running until March 2022 or later if needed. Business activity in the euro area lost momentum in September with both services and manufacturing PMI slowing more than expected, bringing overall activity to a five-month low, as supply chain bottlenecks hurt businesses bringing input costs to the highest in 21 years. Inflation in the euro area surged to a 13-year high in September with CPI up +3.4% yoy (CPI excluding food and energy climbed to 1.9%, highest since 2008).
• **U.K.** BOE kept its benchmark unchanged at a record-low 0.1% and raised the prospect of hiking interest rates as soon as November to contain a surge in inflation, which it now expects will exceed 4% following a spike in energy prices.

ON STOCK SPECIFIC NEWS (WHICH CAUSED SIGNIFICANT INTRADAY MOVES DURING THE MONTH):

• **AusNet Services Ltd (AST)** - surged +19.2%, after Brookfield Asset Management and APA Group bid A$7bn and A$7.2bn, respectively, for the Company.
• **Beach Energy Ltd (BPT)** - signed 5-year deal with BP Singapore regarding the supply of BPT’s share of liquefied natural gas from Waitsia Gas Project Stage 2, maintained FY22 capex forecast of A$900m-1.10bn and announced it is targeting FY24 output of 28mmboe.
• **Commonwealth Bank of Australia Ltd (CBA)** - gained +5.1%, after completing A$6bn off-market buyback.
• **News Corp (NWS)** - the Board authorized a $1bn stock repurchase program.