



SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

MARCH

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Monthly Report

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

+6.4%

ASX performance

+2.3%

US markets were stronger, with the
Dow Jones up +2.3% and
S&P500 up +3.6%



• **Long-dated US treasury yields** were higher, with the 2-Yr yield at 2.33% and 10-Yr yield at 2.34%, after Fed raised interest rates by +25bps to 0.25-0.5%, the first increase since 2018, and signalled hikes at all six remaining meetings this year and to begin allowing its \$8.9 trillion balance sheet to shrink at a coming meeting. Fed Chair Jerome Powell struck a more positive tone on the prospects for economic growth, announcing the economy is very strong and well-positioned to handle tighter monetary policy and that the probability of a recession is not particularly elevated and he is prepared to raise interest rates by +50bps at its next meeting if needed.

• **European markets** were mostly higher, with the Stoxx Europe 600 Index up +0.6%, UK FTSE up +0.8% and German DAX down -0.3%.

GLOBAL MARKET UPDATES

- **Asian markets.** Asian markets were mostly higher, with the Nikkei up +4.9% and KOSPI up +2.2%. The Shanghai Composite declined -6.1%, as sentiment was hit after China set its lowest growth target in more than three decades, expecting 2022 GDP to grow +5.5% (vs IMF's projection of +4.8% expansion) and as a lockdown in Shanghai to combat a virus flareup raised worries over disruptions to business operations and the toll on economic growth.
- **Commodities.** Over the month, WTI oil price gained +7.3%, amid escalating tensions between U.S. and Russia, and IEA predicting output from the key OPEC+ members will decline by about a quarter in April, as OPEC+ affirmed its existing plan of gradual increases and increase supply in May by 432,000 barrels a day. The U.S. announced release of roughly 1m barrels of oil a day from its reserves for six months, a historic drawdown, and members of IEA agreeing to make another round of releases from their emergency fuel reserves. Iron ore prices increased +12.9% and spot gold gained +1.5%.

IN POLITICAL NEWS

- Geopolitical tensions continued to escalate with no compromise being reached between Ukraine and Russia, leading to more countries imposing sanctions on Russia, making it the world's most-sanctioned nation and U.S. President Joe Biden calling for an end to normal trade relations with Russia and barring imports of the nation's vodka, caviar and diamonds.
- U.S. and U.K. struck trade deal to end tariffs on British steel and, American whiskey and motorcycles.

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

- **Austal Ltd (ASB)** - slumped -11.3%, after the Philippines Navy opted against handing it a contract to build offshore patrol vessels.
- **Block Inc (SQ2)** - slumped -10.2%, after coming under investigation by the Consumer Financial Protection Bureau and multiple state Attorneys General in connection with its Cash App service.
- **Magellan Financial Group Ltd (MFG)** - declined -13.4%, after reporting poor performance of flagship Global Fund in February and as co-founder Hamish Douglass resigned from the Board.
- **Nearmap Ltd (NEA)** - surged +16.6%, after announcing its group ACV portfolio surpassed A\$150m.
- **Uniti Group Ltd (UWL)** - surged +43.8% in the month, after receiving A\$3.4bn takeover offer from Macquarie Asset Management and PSP Investments.

IN ECONOMIC NEWS

- **Australian RBA decision.** RBA kept benchmark interest rate unchanged, however, warned Russia's invasion of Ukraine has the potential to prolong a period of elevated consumer-price growth and is clouding the economic outlook.
- **U.S.** President Joe Biden unveiled a \$5.8 trillion budget, marking a +5.7% increase from the omnibus spending bill for 2022 that was signed by Biden earlier this month, with a proposal that emphasized deficit reduction, additional funding for police and veterans, and flexibility to negotiate new social spending programs, and called for more than \$2.5 trillion in tax hikes on wealthy and large corporations over a decade, on top of the nearly \$1.5 trillion of increases included in the House's version of the Build Back Better plan.
- **U.S.** business activity advanced to an eight-month high in March and hiring remained robust in the month with nonfarm payrolls increasing by 431,000 which combined with an increase in labour force participation rate saw unemployment decline -20bps MoM to 3.6%, near pre-pandemic low.
- **China.** PBOC kept borrowing costs unchanged, however, announced it will hand over more than 1 trillion yuan in profits to the finance ministry to help the government boost fiscal spending to stimulate the economy in 2022, China's cabinet pledged stronger monetary policy support for the economy and announced 2.5 trillion yuan in tax cuts in the month the fifth year of such reductions, also vowing to stabilize battered financial markets, promising to ease a regulatory crackdown, support property and technology companies, stimulate the economy and support overseas share listings by making a concession on disclosing Chinese audit information.
- **Australia.** PMI increased in March with both input cost and output price inflation hitting records and consumer sentiment tumbled to lowest since September 2020, amid Russia's invasion of Ukraine, flooding in the nation's northeast, rising prices and the prospect of higher interest rates.
- **Europe.** Euro-area inflation surged in March with CPI increasing +7.5% yoy to an all-time high, however, ECB signalled it would accelerate winding down its asset purchase program despite the economic uncertainty from the war in Ukraine, slowing bond buying to 30bn euros in May followed by 20bn euros in June, and downgraded euro zone GDP forecast for 2022 by -50bps to 3.7%, 2023 by -10bps to 2.8% and 2024 of 1.6% (unchanged), and unemployment rate forecasts for 2022 at 7.3% (unchanged), for 2023 by +30bps to 7.2% and for 2024 by +40bps to 7.0%, while upgrading inflation outlook for 2022 by +190bps to 5.1%, 2023 by +30bps to 2.1% and 2024 by +10bps to 1.9%. Euro-area inflation surged in March with CPI increasing +7.5% yoy to an all-time high.
- **U.K.** BOE raised interest rate for the third successive policy meeting, increasing by +25bps to take borrowing costs back to their pre-pandemic level of 0.75%, and warned the war in Ukraine may push inflation well above 8% in 2022 vs prior forecast of 7.25%. U.K. Chancellor Rishi Sunak announced a 6bn pound tax cut for workers, slashed fuel duty and signalled a future reduction in income tax, after OBR downgraded its 2022 growth forecast for U.K. by -220bps to 3.8% and for 2023 by -30bps to 1.8%, however, upgraded 2024 by +80bps to 2.1%, and forecast U.K. inflation to hit a 40 year high of 8.7% at the end of 2022 (vs BOE's outlook of 8%) and average 7.4% for 2022, almost double prior forecast of 4%, outpacing wage growth and causing a -2.2% decline in real living standards in the 2022-23 fiscal year, largest financial year fall on record, with living standards not recovering to their pre-pandemic level until 2024-25.
- **Japan.** BOJ left its interest rates and asset purchases unchanged and downgraded its assessment of the economy, however, doubled down on its commitment to continue with stimulus, offering for the first time to buy an unlimited amount of 10-year government bonds for three straight days, despite predicting annual inflation could accelerate to around 2% from April onwards.

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