SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

NOVEMBER

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Monthly Report

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

+4.5%

ASX performance

+8.8%

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- **ASX performance.** The ASX200 gained +4.5%.
- **US markets.** US markets were stronger, with the Dow Jones up +8.8% and S&P500 up +8.9%, as dovish comments from several Fed officials following weak economic data saw swaps pricing in a 50% chance of a U.S. rate cut in March with the effective fed funds rate to fall to about 4.06% from 5.33% currently, while also signalling the average cash rate for developed economies will be steady over the coming 6-months, the first time in two years that they're not pricing in a hike over that time frame, and a 50bps reduction in the aggregated rate within a year, the biggest bet on easing since the pandemic.
- **Long-dated US treasury yields** were lower, with the 2-Yr yield at 4.7% and 10-Yr yield at 4.3%.

GLOBAL MARKET UPDATES

• **European markets.** European markets were higher with the Stoxx Europe 600 Index up +6.5% and German DAX up +9.5%. The UK FTSE gained +1.8%, as Chancellor Jeremy Hunt announced the biggest tax-cutting package since the 1980s in his Autumn Statement, U.K.'s Treasury announced it will increase the national living wage by almost 10% to £11.44/hour next year and BOE Chief Economist Huw Pill said the bank does not need to raise interest rates further because policy is already restrictive enough.
• **Asian markets.** Asian markets were higher, with the Nikkei up +8.5%, as BOJ Governor Kazuo Ueda signalled, he won't rush to normalize monetary policy, pointing out that coping with lower-than-desired inflation would be harder than dealing with overshooting given the current situation in Japan. KOSPI was up +11.3%. The Shanghai Composite rose +0.4%, as PBOC Governor Pan Gongsheng downplayed concerns over risks related to property and local government debt issues while announcing he is confident the economy will enjoy "healthy and sustainable growth" in 2024 and beyond and pledging to keep the growth of money supply in check, offer better support to key sectors including technology and advanced manufacturing and pressing banks to lower their real lending rates.
• **Commodities.** Over the month, WTI oil price declined -5.6% to US$75.96/bbl, as a move by Hamas to release 24 hostages held in Gaza under a four-day truce agreement with Israel eroded the risk premium generated by the war and negative sentiment from IEA announcing global oil markets won't be as tight as expected in 4Q23, as upward revisions to demand are outpaced by upgrades to supplies, U.S. government forecasting American gasoline demand to drop to a 20-year low next year on a per- capita basis, and Brazil, which will be joining OPEC in 2024 and is set to raise output to 3.8m barrels/day next year, announcing it won't be taking part in any production cuts, was partially offset by OPEC+ agreeing to deepen its production cuts by 1m barrels/day in 2024 and Saudi Energy Minister Prince Abdulaziz bin Salman saying the OPEC+ oil production cuts can "absolutely" continue past 1Q24 if needed, as he pledged the curbs would be delivered in full while announcing the kingdom won't agree to a text that calls for the phase down of fossil fuels at the COP28 summit.

IN POLITICAL NEWS

• **U.S.** President Joe Biden and Chinese leader Xi Jining agreed on joint efforts to combat fentanyl, restore high-level military communications and hold a dialogue about artificial intelligence with Xi denying reports that China was reading plans for a mass invasion of Taiwan.
• **North Korea** ended an agreement aimed at reducing military tensions with the South while vowing the army will never be bound by the 2018 agreement, with South Korea's Defense Ministry warning North Korea has deployed soldiers and weapons in the Demilitarized Zone, a sign ties are fraying after Pyongyang placed a spy satellite into orbit for the first time.
• **Prime Minister** Narendra Modi's BJP party won victories in three key state elections, boosting expectations of policy continuity.
• **Germany** suspends constitutional limit on net new borrowing for a fourth consecutive year.

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

• **AMP Ltd (AMP)** - declined -10.5%, after giving a trading update noting NIM pressure is expected to continue.
• **Collins Foods Ltd (CKF)** - gained +24.1%, after reporting +359% y/y growth in 1H24 NPAT.
• **Elders Ltd (ELD)** - gained +23.9%, after reporting FY23 operating cash inflow of A$169.2m, resulting in a cash conversion of 163% vs target of 90%.
• **Imugene Ltd (IMU)** - gained +155.8%, as its cancer treatment program received Fast Track designation from the FDA.
• **IRESS Ltd (IRE)** - gained +40.9%, after raising FY23 underlying EBITDA (in CC) guidance to A$123-128m from A$118-122m and FY24 guidance to A$135-145m from A$124-134m.

IN ECONOMIC NEWS

• **Australian RBA decision.** RBA kept interest rates unchanged at 4.35% in its December policy meeting and warned wage growth is not expected to increase much further and the outlook for household consumption remains uncertain, with many households experiencing a painful squeeze on their finances, while upgrading headline inflation forecast by +50bps to 4% for mid-2024 and announcing inflation will only return to the top of its 2-3% target by end- 2025, as the bank also upgraded mid-2024 GDP growth outlook by +50bps to +1.75%.
• **U.S.** Economy grew at an even faster pace in 3Q23 than originally estimated with GDP expanding +5.2% q/q annualized, the fastest in nearly two years, reflecting upward revisions to business investment and government spending. A measure of factory activity shrank for a 13th straight month in November with the current streak now the longest since the dot-com bubble burst, with new orders contracting for 15-months, the longest streak since 1981-1982 while a measure of prices paid continuing to shrink, but not by as much in recent months, suggesting that the brunt of the weakness in input prices has likely already passed. Fed's Beige Book revealed U.S. economic activity slowed in recent weeks as consumers pulled back on discretionary spending. Consumers' 5-10-year inflation expectations increased +20bps to 3.2% in November, the highest since 2011, and 1-year expectations rose +30bps to 4.5%, while concerns about high borrowing costs and the economy's prospects mounted in a fresh blow to sentiment.
• **China.** According to PBOC's 3Q monetary policy report, China's 2023 growth target of around 5% can be achieved, inflation expectations are stable and there is no basis for long-term deflation. Manufacturing and services sectors shrank in November with manufacturing PMI contracting for a second straight month and services PMI recording its first contraction this year. Moody's Investors Service cut its outlook for Chinese sovereign bonds to negative, announcing China's usage of fiscal stimulus to support local governments and its spiraling property downturn is posing risks to the nation's economy.
• **Australia.** Consumer confidence slumped in November following the RBA's resumption of interest-rate increases, while firms reported an improved environment even as they fret over the outlook for the economy. Wages accelerated at the fastest pace in over 14-years in 3Q23 with Wage Price Index rising +4% y/y to reach the RBA's forecast peak, while still remaining well below the inflation rate.

IN ECONOMIC NEWS (CONT.)

• **Europe.** Euro-area PMI was in contraction again in November and inflation cooled more than expected with CPI rising +2.4% y/y and core-CPI moderating for a fourth month, to 3.6% y/y, as price pressures continued easing across almost all categories and remained at a two-year low, leading to ECB President Christine Lagarde announcing the bank is now at a point where it can pause and assess the impact of its tightening while warning there's evidence of softening in euro-area's jobs market.

• **U.K.** OBR downgraded U.K.'s 2024 GDP growth outlook by -110bps to +0.7%, pointing to a stagnant economy in the coming years while warning consumer prices will be stickier than thought and not return to the BOE's 2% target until early 2025. Economy flatlined q/q in 3Q23 as spending and investment fell, and job market weakened with wage growth slowing with average earnings excluding bonuses rising 7.7% and vacancies continuing to fall.

• **India.** Economy grew at a much faster pace than expected with GDP expanding +7.6% y/y in 3Q23 vs RBI's forecast of +6.5% y/y, as manufacturing surged and the government boosted spending before elections. Unemployment rate fell -80bps MoM in November as a rise in farm-related activities boosted jobs in rural areas. Services activity in November grew at the slowest pace in a year as high inflation expectations dampened business sentiment, partially offsetting the robust activity in its manufacturing sector, and pulling down the composite PMI index to the lowest since November 2022. RBI asked banks to increase buffers for some consumer loans, raising risk weights on consumer credit by 25% to 125%.

• **Japan.** Economy shrank in 3Q23 with GDP contracting at an annualized pace of 2.1% q/q, largely on the back of falling business spending with capex on goods excluding software rising +0.3% q/q, and higher imports that dragged on the economy. Activity in the factory sector deteriorated to the worst level since February in November with manufacturing PMI remaining in contraction and service PMI improving marginally, leading to the composite gauge falling to its lowest level this year.

• **Germany.** Inflation eased more than forecast in November on retreating energy and travel costs with CPI rising +3.2% y/y (+2.3% y/y EU harmonized) and declining -0.4% MoM (-0.7% MoM EU harmonized). Unemployment rate unexpectedly rose to the highest level in 2.5 years in November, rising +10bps MoM to 5.9% as joblessness increased by 22,000.

• **South Korea.** BOK kept its 7-day repurchase rate at 3.5% and softened the tone of its hawkish holding pattern on interest rates while trying to tame speculation over an early policy pivot with warnings about stickier-than-expected inflation and "high uncertainties" in household debt. Consumer inflation cooled more than expected in November with CPI rising +3.3% y/y. Recovery in exports accelerated in November, growing +7.8% y/y amid a rebound in semiconductor demand, which combined with -11.6% y/y decline in imports saw a trade surplus of $3.8bn.