



SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

FEBRUARY



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Monthly Report

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

+0.2%

ASX performance

+2.2%

US markets were stronger, with the Dow Jones up +2.2% and S&P500 up +5.2%



- **ASX performance.** The ASX200 gained +0.2%
- **US markets.** US markets were stronger, with the Dow Jones up +2.2% and S&P500 up +5.2%, as U.S. CPI revisions confirmed inflation progress at end of 2023.
- **Long-dated US treasury yields** were higher, with the 2-Yr yield at 4.63% and 10-Yr yield at 2.25%, as minutes from the Fed's latest gathering showed most officials remained more worried about the risk of cutting interest rates too soon than keeping them high for too long and damaging the economy.

GLOBAL MARKET UPDATES

- **European markets.** European markets were mostly higher with the Stoxx Europe 600 Index up +1.8% and German DAX up +4.6%, as ECB President Christine Lagarde acknowledged the latest euro-area labor compensation numbers were reassuring. The UK FTSE was down -0.01%.
- **Asian markets.** Asian markets were higher, with the the Shanghai Composite up +8.1%, as Chinese authorities took further steps to restore investor confidence, including restrictions on equity net sales, stock purchases by state funds, clampdown on quant trading and steps to shore up property sector with China's housing ministry announcing more than 200bn yuan of bank loans have been approved for property projects and Chinese lenders slashing their five-year LPR by -25bps to 3.95%, the first cut since June and the largest reduction since a revamp of the rate was rolled out in 2019. Nikkei was up +7.9%, following dovish comments from BOJ officials with BOJ Deputy Governor Shinichi Uchida announcing it's hard to imagine the bank will be raising its policy rate continuously and rapidly even after the negative interest rate is ended and Governor Kazuo Ueda saying financial conditions in Japan will remain accommodative for the time being based on the bank's economic outlook even after the bank puts an end to the world's last negative rate regime. KOSPI was up +5.8%, on continued enthusiasm over the government's efforts to boost local valuations with South Korea's financial watchdog announcing South Korean companies that have not seen growth in a long-time risk being dropped from the stock exchange.
- **Commodities.** Over the month, WTI oil price gained +3.4% to US\$78.26/bbl, as investors weighed increasing military activity in the Middle East with Israel's military conducting strikes in Gaza in the southern city of Rafah, declining crude production from Iraq, the second-largest producer in the OPEC+ alliance and tightening physical oil market with OPEC+ extending its 2m barrels a day oil supply cutbacks to the middle of the year data and data revealing Russia met its target for crude-export cuts in January with the nation's daily crude exports being 42,000 tons lower than the May-June average, against falling demand for crude with data revealing growth in world's oil consumption slowed by -35% q/q in 4Q23, with IEA's forecasting global demand increasing by 1.2m barrels a day in 2024, ~50% the rate of last year while anticipating supplies outside the OPEC+ alliance remaining on track to increase by 1.6m barrels a day, led by the U.S., Brazil, Canada and Guyana.

IN POLITICAL NEWS

- Geopolitical tensions continued to simmer with U.S. warning allies that Russia could deploy a nuclear weapon or a mock warhead into space as early as this year with capability to knock out satellites.
- U.S. congressional leaders revealed a detailed agreement to keep large parts of the government operating through September 30, announcing \$436bn package, covering about a quarter of funding for government agencies.

ON STOCK SPECIFIC NEWS (CONT.):

- **Altium Ltd (ALU)** - gained +30.4%, as Renesas Electronics agreed to acquire the company for A\$9.1bn.
- **Corporate Travel Management Ltd (CTD)** - declined -22.6%, after downgrading FY24 underlying EBITDA guidance to A\$210-230m from A\$240-280m.
- **Inghams Group Ltd (ING)** - declined -15.3%, after flagging continuation of ongoing headwinds in 2H24.
- **NEXTDC Ltd (NXT)** - gained +25.9%, after reporting +4.6% y/y growth in 1H24 underlying EBITDA to A\$102m.
- **Syrah Resources Ltd (SYR)** - gained +45.2%, after signing graphite offtake deal with Korea's Posco Future.
- **Wisetech Global Ltd (WTC)** - gained +29.4%, after reporting +8.4% y/y growth in 1H24 net income and reaffirming FY24 EBITDA outlook of A\$455-490m.

IN ECONOMIC NEWS

- **Australian RBA decision.** RBA left interest rates at a 12-year high of 4.35% and signaled further tightening remains possible, leading to swaps now pricing in the chance of a June rate cut at 42% from about 50% beforehand, despite RBA Governor Michele Bullock telling a parliamentary panel, Australian inflation doesn't need to be inside the Reserve Bank's 2-3% target band for policy easing to begin while warning Australia's inflation challenge is not over.
- **Global growth outlook.** OECD upgraded 2024 world GDP growth outlook by +20bps to +2.9% with U.S. up +60bps to +2.1%, euro-area down -30bps to +0.6%, both U.K., Japan and China unchanged at +0.7%, +1.0% and +4.7%, respectively and India up +10bps to +6.2%, as the organization downgraded 2024 inflation forecast for G-20 (excluding Argentina and Turkey) by -20bps to +2.6% (U.S. down -60bps to 2.2%, euro-area down -30bps to 2.6%, U.K. down -10bps to 2.8%, both Japan and China unchanged at 2.6% and 1%, respectively and India down -40bps to 4.9%) while maintaining 2025 inflation forecast for G-20 (excluding Argentina and Turkey) of +2.4% (U.S. down -20bps to 2%, euro-area down -10bps to 2.2%, U.K. down -10bps to 2.4%, both Japan and China unchanged at 2% and 1.5%, respectively and India up +10bps to 4.3%).
- **U.S.** Economy expanded at a slightly slower rate in 4Q23 with GDP revised down -10bps to +3.2% annualized pace, as a downward revision to inventories masked stronger household spending and investment, equating to expansion of +2.5% for 2023, marking an acceleration from 2022 and far outperforming the broader eurozone and Japan. Consumer confidence fell in February for the first time in four months as a measure of expectations dropped to a 3-month low, while the gauge of current conditions also slipped, however, the average inflation rate expected by consumers over the next 12-months continued to ease and remained at the lowest since 2020 at 3% with expectations of costs rising 2.9% over the next 5-to-10 years. Factory activity shrank at a faster pace in February as orders, production and employment contracted, all of which dropped to the lowest levels since July 2023.
- **China.** Factory activity shrank for the fifth straight month in February with official manufacturing PMI declining MoM, however, a gauge of non-manufacturing activity rose MoM, remaining in expansion, helped by a pickup in travel and tourism during a recent long holiday.

IN ECONOMIC NEWS (CONT.)

- **China. (cont.)** Home sales slump dragged on in February with the value of new home sales from the 100 biggest real estate companies sliding -60% y/y (-20.9% MoM) to 185.9bn yuan. Foreign businesses' direct investment into China in 2023 increased by the lowest amount since the early 1990s, declining -82% y/y and being at the lowest since 1993.
- **Europe.** Euro-area narrowly avoided a recession in 4Q23 following its slight contraction in 3Q23 with GDP flat q/q (up +0.1% y/y). Inflation eased in February with CPI up +2.6% y/y (core CPI up +3.1% y/y), with declines in Germany, France and Spain, while Italy announcing inflation was unchanged at +0.9%. Private-sector activity hit an eight-month high in February, with services stopping to shrink after 6-months of contraction while manufacturing seeing a surprise deepening of the slowdown. Economic confidence unexpectedly deteriorated in February, falling to lowest in 3-months.
- **U.K.** Economy slipped into a mild recession in 2H23 with GDP falling -0.3% q/q (-0.2% y/y) in 4Q23, equating to the economy growing +0.1% y/y in 2023, the slowest annual expansion the country had seen since 2009, excluding the first year of the pandemic. Wage growth slowed less than expected in 4Q23 with wages excluding bonuses rising +6.2% y/y. Inflation in stores slowed to the lowest level since March 2022 in February with overall shop prices rising +2.5% y/y, marking a ninth consecutive monthly decline, driven by easing supply-chain pressures, falling input costs for energy and fertilizers, and fierce competition between retailers. Consumer confidence slipped back in February with a gauge of willingness to make major purchases slumping, however, households remaining relatively upbeat about their finances in the year ahead.
- **India.** RBI kept the benchmark repurchase rate at 6.5% while sticking to its hawkish policy stance, as the bank projected inflation to average 4.5% and the economy to grow +7% in 2024. Economic growth accelerated in 4Q23 with GDP expanding +8.4% y/y and government revising up figures for the previous two quarters to above 8% as well, buoyed by strong private-sector investment and a pick-up in services spending, leading to the government upgrading GDP outlook for the fiscal year through March by +30bps to +7.6%.
- **Japan.** Economy unexpectedly contracted for a second quarter 4Q23, with GDP shrinking at an annualized pace of -0.4%, leading to country's economy slipping to fourth-largest in the world in dollar terms in 2023. Businesses ramped up investment in 4Q23 with capital expenditures on goods excluding software rising +8% q/q (+11.7% y/y).
- **Germany.** Inflation slowed in February with CPI rising +2.5% y/y (+2.7% EU harmonized). Investor outlook improved for a seventh month and by more than anticipated in February despite a measure of current conditions decreasing to its lowest since mid-2020, with Wolfgang Schmidt, a close aide to Chancellor Olaf Scholz, announcing the first signs are emerging of a consumer-led rebound, with further tailwinds to come from initiatives on the national and regional level to slash red tape.
- **South Korea.** BOK kept interest rate unchanged at 3.50%, with BOK Governor Rhee Chang-yong continuing to push back against speculation of an early interest rate cut. Exports continued to grow in February with headline exports rising +4.8% y/y, while overall imports decreased by -13.1% y/y, leading to trade surplus expanding to \$4.29bn.

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