

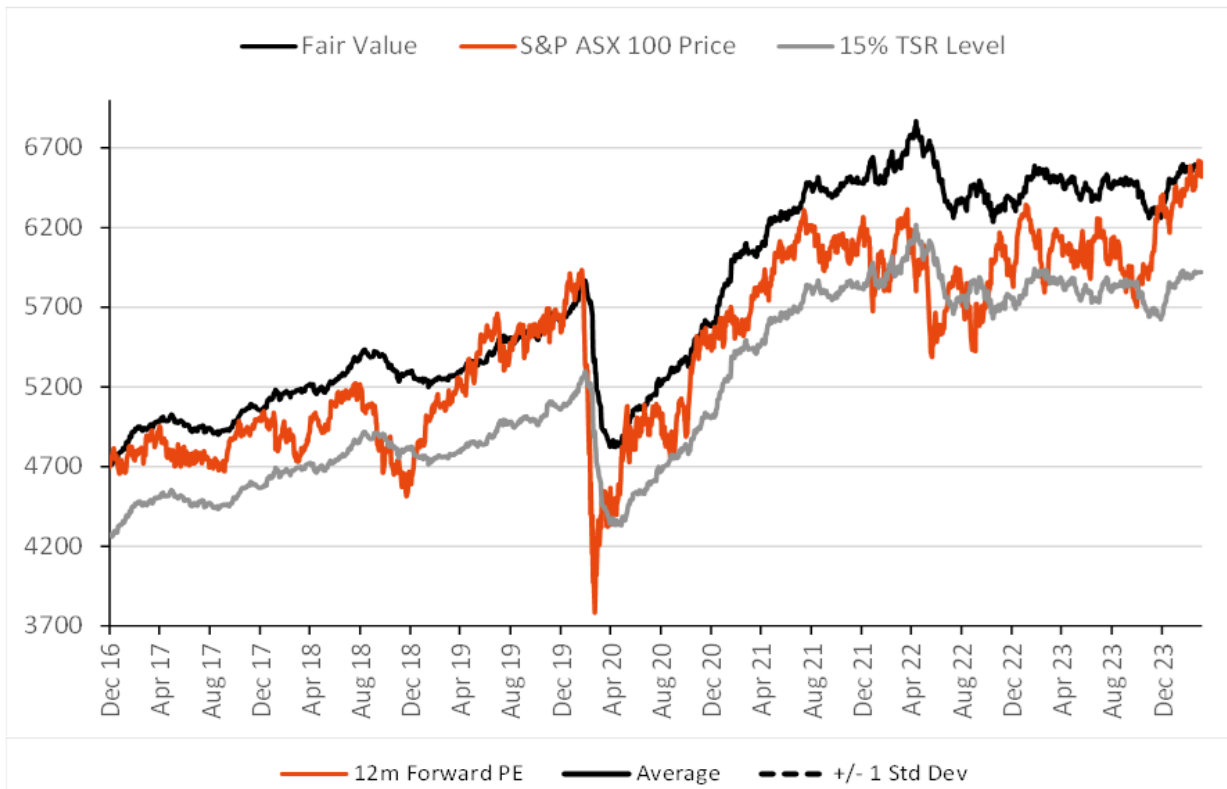


## Neutral

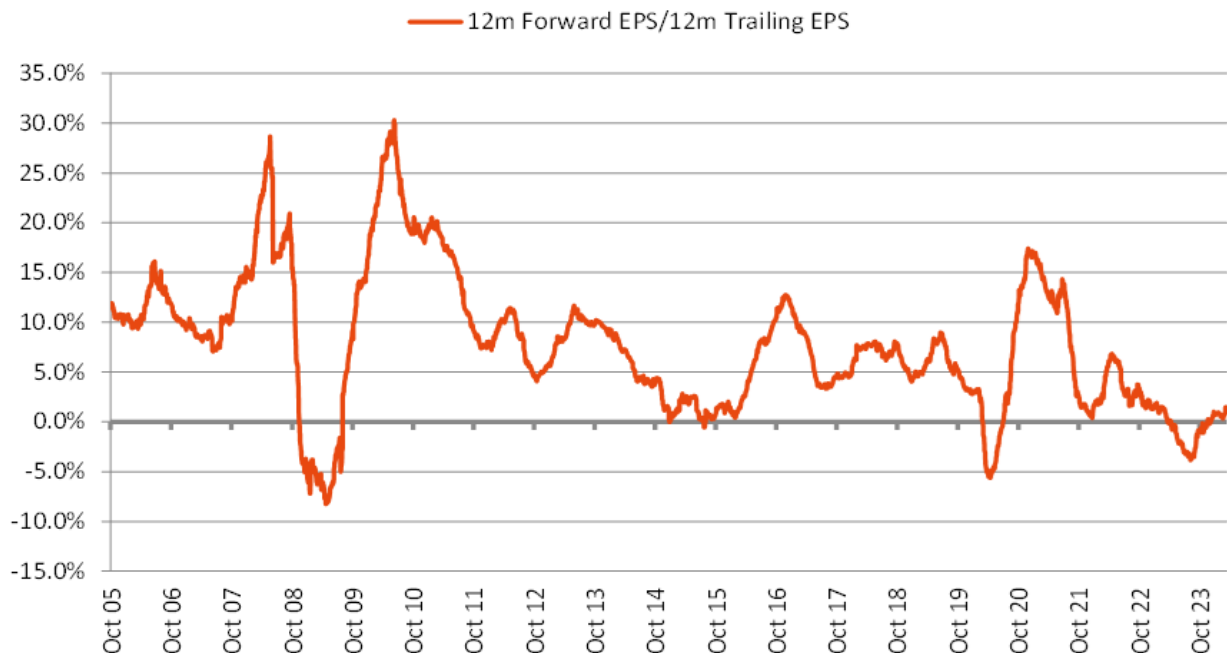
Attached is a note from our SMA team providing their reasoning behind reducing equity exposures across the globe. In summary, prices have risen faster than earnings.

### Asset Allocation - Bank to neutral - reducing exposure to equities - 05 Apr 2024

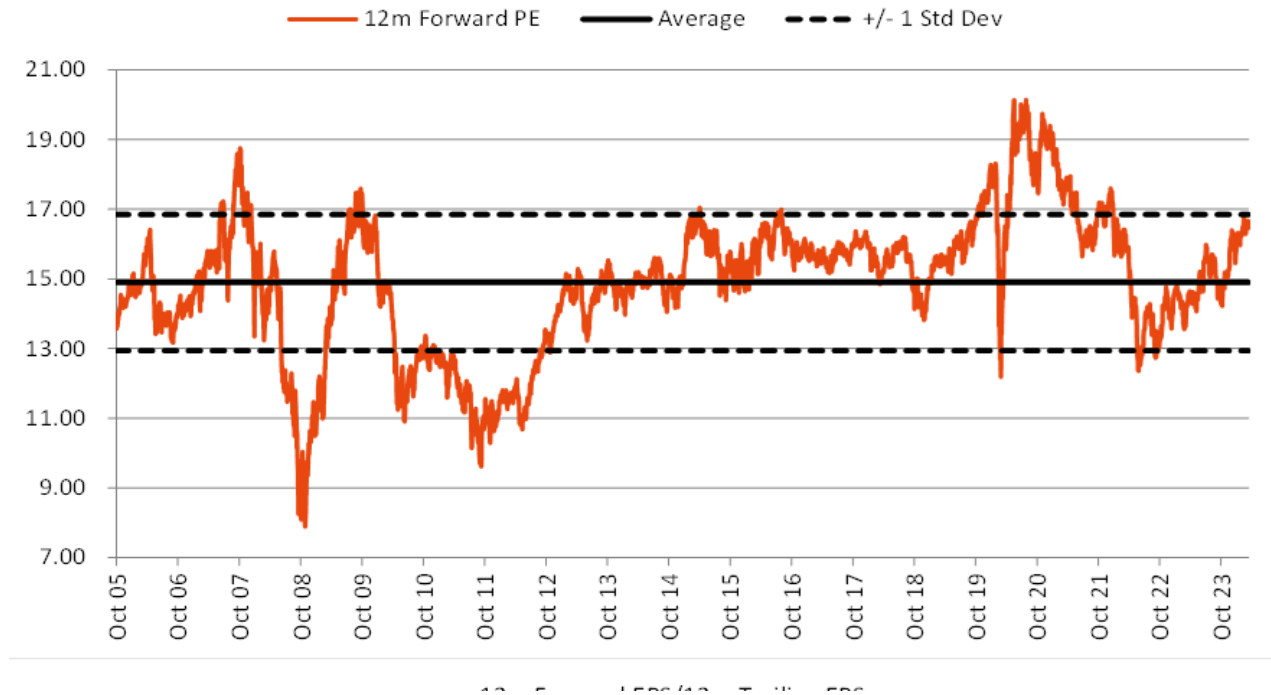
Here in Oz, the forward PE has risen fast, and much of this has to do with the rise in price of the major banks without a corresponding rise in their forward earnings. The result is PE expansion.



This is further explained in the following chart depicting the forward versus trailing market EPS; no growth there.



Resulting in a market PE of 17x; too high.



## Silver (Lining) Playbook

Whilst the talking point at present is the strength in the gold price, and to a lesser extent bitcoin, the silver price has also broken out and has hit a 3 year high overnight. Silver above US\$30/oz this year now looks more likely than not. The silver price is currently US\$28.27/oz.



There are two main drivers:

1. A rally in sympathy with gold – the two commodities track each other reasonably well over time and despite silver’s recent move, the gold/silver price ratio remains high at 84x.
2. There is a fundamental supply/demand story driving silver higher – the market is in deficit and demand for solar panels, where silver is utilised for its high electrical conductivity continues to grow (nope, I didn’t know that either).

There are very few ways to play silver on the ASX – Shaw research covers Boab Metals (BML). The Sorby Hills lead/silver project is host to one of the largest silver resources on the ASX.

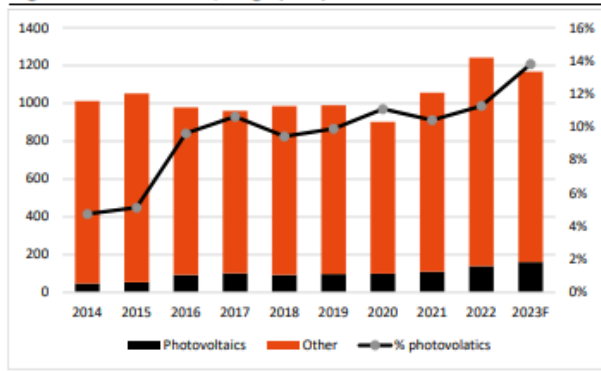
See report below.

[Boab Metals Ltd - Silver lagging the gold rally – could we see US\\$32/oz silver this year? - 02 Apr 2024](#)

For those less inclined to take on commodity specific nano cap risk, the options are limited. South 32 (S32) produces silver, but it represents something like 3% of their EBITDA.

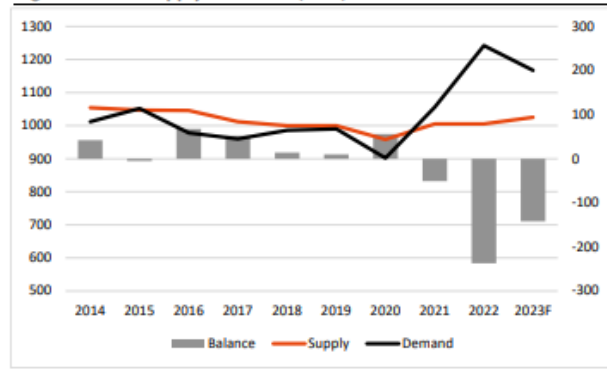
Of course, you could buy an ETF (ETPMAG) which offers a return equivalent to the movements in the silver spot price (less their management fees) or just go out and buy some silver bars and store them under your pillow.

Figure 4: Silver demand/usage (Moz)



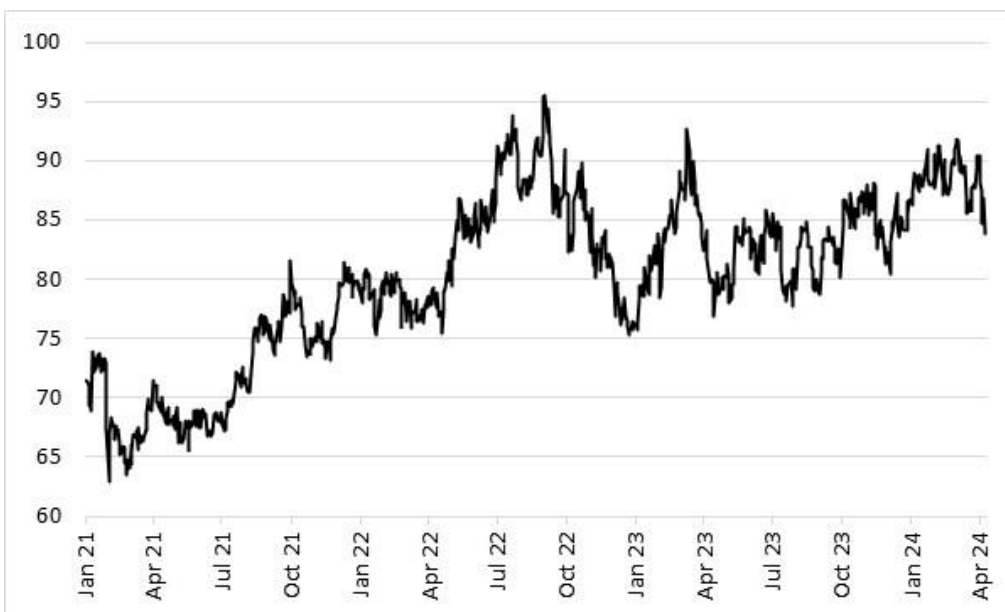
Source: The Silver Institute

Figure 5: Silver supply v demand (Moz)



Source: The Silver Institute

### Gold/Silver price (x)



### Whitehaven Coal (WHC)

Last week, WHC announced the completion of the Blackwater and Daunia company transforming acquisition.

Paul Flynn, Managing Director & CEO, said: *“This is a significant milestone for Whitehaven that transforms us into a leading metallurgical coal producer and will deliver benefits for all of our stakeholders.”*

The purchase from BHP-Mitsubishi Alliance strategically pivots WHC to becoming primarily a metallurgical coal producer (~70% of revenues), i.e. coal for stainless steel. The operations are spread across both NSW and QLD.

This is significant for a number of reasons;

- 1) The met coal price tends to trade substantially higher than the thermal coal price, as is the case at present - met coal is US\$235/tonne and thermal coal US\$129/tonne.
- 2) The met coal outlook is positive given supply constraints (in particular in QLD) and resilient demand outlook (Indian demand growth is the key long-term driver).
- 3) It potentially opens the stock up for purchases by large global funds who may have previously been restricted from owning a primarily thermal coal producer. NB: Vanguard announced they are became a substantial shareholder on Wednesday this week.

On UBS' numbers, they are forecasting a doubling of EPS from FY25 to FY26, after including Blackwater (~14.8Mtpa ROM) and Daunia (~5.8Mtpa ROM) to produce 43-44Mtpa ROM and 30-32Mtpa equity sales from FY25.

Added to this is WHC's growth pipeline of Vickery in NSW and Winchester South in QLD.

If UBS are anywhere near correct, their projected sales and prices result in WHC trading on an 8.3x PE for FY24 and 3.5x for FY26.

Will the old saying of buying miners on high PE's and selling at low's apply here? I don't think so, as WHC's sales growth is a result of a global structural and politically imposed reduction in long term capacity.



Welcome to the April edition of *Inview: Global House View*.

In this publication we consider significant developments in the world's markets, and discuss our key convictions and themes for the coming months.

- **Asset Allocation** - A summary of our tactical asset allocation in comparison to our neutral benchmark.
- **Editorial** - The global equity market rally continued in March, with the MSCI World index posting a monthly gain of 3.3% and bringing performance in the first quarter of 2024 to 9.0%. Market leadership rotated from large tech companies to financials and small caps over the month. In fixed income, government bond yields were little changed and corporate bond spreads tightened further. Despite the US dollar rising moderately against the major currencies, the price of gold rose to a record high.

Click on the link below to read this edition

[EFG Inview – April 2024 – Global House View & Investment Perspectives - - 10 Apr 2024](#)

10<sup>th</sup> April 2024

Financial Planning Weekly

**Shaw and Partners**  
Morrissey Group



## Planning for EOFY – Super

Click on link to read:

<https://www.morrisseygroup.net/news-1/financialplanningweekly120424>



Enjoy your weekend,

Ben and the team.

**This report has been prepared by Ben Morrissey**  
Shaw and Partners, Morrissey Wealth Management  
Level 36, 120 Collins Street  
Melbourne VIC 3000

Morrissey Wealth Management (Authorised Representative Number 268130) is a Corporate Authorised Representative of Shaw and Partners Limited (AFSL 236048) (ABN 24 003 221 583)

This market update is issued by Morrissey Wealth Management an authorised representative (no. 268130) (the "Morrissey Group") of Shaw and Partners Limited AFSL 236048. This market update is confidential and may be privileged. Unauthorised use, copying or distribution of any part of this document including attachments is prohibited. The views expressed are personal to the Morrissey Group and do not necessarily reflect the views of Shaw and Partners. This market update has been prepared without taking into consideration any investor's financial situations, objectives or needs. Accordingly, before acting on the advice in this document, if any, you should consider its appropriateness to your financial situation, objectives and needs. Every reasonable effort has been made to ensure the information provided in this document is correct, but we cannot make any representation nor warranty as to the accuracy, completeness or currency of that information. To the extent permissible by law, no responsibility for any errors or misstatements is taken, negligent or otherwise. Shaw or its authorised representatives may also receive fees or brokerage from dealing in financial products, see Shaw's Financial Services Guide for information about the services offered by Shaw available at <http://www.shawandpartners.com.au/>.