


**Support / Potential "buy" levels**
**\$8,877.**
**Resistance**
**\$9,019.**

#### KEY TAKEAWAYS

#### ASX 200 edges lower on weaker data and rate uncertainty – Recommendation: KOV

Today we are maintaining our HOLD rating on **Korvest (ASX: KOV)** after a **standout FY25 that saw record revenue of \$119.57 million, up 16.2%, and net profit of \$13.2 million, delivering a healthy 10.5% margin.** The company's operating margin of 18.1%, ROE of 20.6%, and a low debt-to-equity ratio of 0.16 highlight its solid financial footing, supported by strong cash flow of \$18.69 million and consistent dividend payouts. With continued momentum from Australia's infrastructure, renewable energy, and data centre sectors, Korvest remains well positioned for steady growth, though at current valuations, we believe a \$15.50 target price and HOLD stance are appropriate for now.

**Market Movers:** Australian stocks slipped 0.27% on Tuesday, dragged down by consumer and energy names despite strong gains from Greatland Resources (+9.8%) and South32 (+5.2%). Confidence took a hit after the Westpac-Melbourne Institute Index fell 3.5% to 92.1, while job ads dropped 3.3% in September. The Australian dollar edged up to USD 0.661 as markets reduced bets on a November rate cut, and 10-year bond yields climbed to 4.41%.

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**OUR LATEST RECOMMENDATION**
**Korvest (ASX: KOV) Delivers Robust FY25 Performance Amid Infrastructure Tailwinds—Hold Rating Maintained**


Korvest's (ASX: KOV) robust financial performance in FY25, marked by record earnings and significant revenue growth, demonstrates operational strength and effective project execution. Its strategic alignment with Australia's expanding infrastructure, renewable energy, and data centre sectors provides a clear pathway for sustained demand for its core products and services. Furthermore, a consistent dividend record and a conservative balance sheet enhance its appeal. Despite short-term price fluctuations, the underlying business fundamentals and positive industry outlook support a favourable view.

Korvest recently unveiled its 2025 Annual Report, highlighting record earnings for the financial year ended June 30, 2025. The company's revenue from trading activities climbed to \$119.57 million, marking a robust 16.2% increase from the previous year, driven primarily by elevated major project activity within its Industrial Products segment. This strong performance, despite earlier operational challenges and a slight revenue dip in the first half of FY25 due to decreased galvanising activity and competitive pressures, underscores the company's resilience and strategic positioning.

The recent share price movement reflects investor confidence, with KOV outperforming the broader ASX All Ordinaries Index over the past six months and over the past year. This positive trajectory follows a period of significant project completions and an effective management of inflationary pressures, as detailed in previous financial updates. Despite a minor pullback in the last ten trading days, the stock maintains a strong rising trend, supported by consistent profitability and a healthy dividend payout,

signalling a favourable market reception to its operational achievements and strategic direction.

Looking forward, the outlook for Australia's infrastructure sector remains robust, providing a solid pipeline of major projects for Korvest extending into fiscal year 2026 and beyond. Strategic investments, such as the Kilburn redevelopment project slated for completion in the first half of FY2026, are set to further enhance production efficiency and capacity. The company's continued focus on burgeoning sectors like renewable energy and data centre infrastructure aligns with broader national and global sustainability objectives, positioning Korvest for sustained growth in a supportive industrial market environment, as the ASX Industrials sector shows signs of a strong rebound.

**Valuation and Recommendation**

**Korvest Ltd (ASX: KOV) has delivered another year of solid performance, demonstrating its resilience and operational strength amid a buoyant Australian industrial landscape. The company reported record FY2025 revenue of \$119.57 million, up 16.2% year-on-year, and net profit after tax of \$13.2 million, translating to a net margin of 10.5%. While these results highlight strong execution and a robust balance sheet, the stock now trades close to fair value. We therefore maintain a HOLD rating, with a target price of \$15.50 per share.**

**A Diversified Industrial Operator Leveraging Its Dual Segments and National Presence to Serve Critical Infrastructure Markets Across Australia**

Korvest's operations are divided into Industrial Products, which includes the EzyStrut business, and the Production segment, primarily Korvest Galvanizing. This dual approach enables the company to provide integrated solutions across multiple sectors, from infrastructure and commercial developments to utilities, mining, data centres, food processing, and healthcare. Its ability to supply both standard and customised products, supported by a national distribution network and a manufacturing base in Adelaide, allows Korvest to scale efficiently and respond quickly to major projects, giving it a competitive edge in a growing market.

### **FY2025 Earnings Recovery Demonstrates Management's Capability to Navigate Operational Headwinds While Maintaining Strong Dividend Payouts**

Key figures for FY2025 performance and dividends:

- **Revenue: \$119.57 million, up 16.2% year-on-year**, reflecting strong project activity in the second half.
- **Net Profit: \$13.2 million, net margin of 10.5%**, recovering from a first-half drop of 28.5%.
- **First-Half Performance: Revenue down 1.1%**, net profit impacted by operational disruptions.
- **Dividends: 25.0 cents interim, 40.0 cents fully franked final, 10.0 cents special dividend**, maintaining shareholder returns.

**Korvest successfully rebounded in the second half, aided by recovery from a galvanizing plant issue and new project wins, highlighting management's ability to navigate operational challenges while keeping investor returns consistent.**

### **Well-Positioned to Benefit from Structural Tailwinds in Infrastructure, Renewable Energy, and Data Centre Expansion Across Australia**

Australia's industrial sector continues to enjoy strong government and private investment in infrastructure modernization. Korvest is well-placed to capitalise on these tailwinds, particularly in rapidly growing areas such as renewable energy and data centres. Its strategic alignment with climate-resilient infrastructure initiatives and public-private partnership (PPP) frameworks ensures that the company is a preferred partner for major projects, providing predictable demand for its specialised products over the medium term.

### **Strong Profitability Metrics and Cash Flow Provide Flexibility for Strategic Investments and Consistent Dividend Payments**

Key financial and operational metrics for FY2025:

- **Operating Margin: 18.1%**, demonstrating strong cost management.
- **Return on Capital (ROC): 19%**, reflecting efficient use of resources.

- **Return on Equity (ROE): 20.6%**, showing robust shareholder value creation.

- **Debt-to-Equity Ratio: 0.16**, indicating low reliance on external debt.

- **Net Operating Cash Flow: \$18.69 million**, supporting operational expansion and strategic investments such as the Kilburn redevelopment.

- **Dividend Payout Ratio: 65-90% of after-tax profits**, sustaining a high level of franked dividends.

**These figures illustrate Korvest's ability to maintain profitability while investing in growth initiatives and returning cash to shareholders.**

### **Valuation Appears Reasonable Relative to Peers, Suggesting Limited Near-Term Upside While Maintaining Steady Long-Term Prospects**

Korvest trades at a trailing P/E of 11.58x and forward P/E of 13.15x, both below broader market averages, with an EV/EBITDA of 6.73x. Technically, the stock trades above its 200-day moving average, and the Relative Strength Index (RSI) has recently moved above 50%, suggesting renewed momentum.

**However, given its recent gains and relative valuation, near-term upside appears limited. Taking into account strong fundamentals, resilient margins, and favourable industry dynamics, we assign a HOLD rating with a target price of \$15.50 per share, reflecting measured but steady growth potential.**

#### MARKET MOVERS

**Australian equities closed lower on Tuesday as weakness in the Consumer Discretionary, Telecoms Services, and Energy sectors weighed on sentiment. The ASX 200 slipped 0.27% at the close in Sydney after a session marked by uneven trading, with investors digesting a mix of soft domestic data and global policy uncertainty. Buying interest in select miners and industrials offered some support, though it was outweighed by declines in growth-oriented and consumer-related stocks.**



Among the day's notable movers, Greatland Resources Ltd rose 9.84% to finish at 8.37, reaching a new all-time high amid optimism over recent exploration results and ongoing strength in commodity markets. South32 Ltd gained 5.16% to 2.95 as firmer base metal prices and signs of improved Chinese demand boosted sentiment across the mining sector. Codan Ltd advanced 4.58% to 31.77, also closing at a record level after providing encouraging sales guidance for its communications division. On the downside, GQG Partners Inc DRC fell 5.23% to 1.63, touching a 52-week low as concerns over fund outflows persisted. Breville Group Ltd dropped 4.59% to 28.28, pressured by weakening consumer demand, while Reece Ltd declined 3.44% to 11.23 amid renewed worries about housing-related spending.

**Market breadth leaned negative, with 634 stocks declining against 531 advancing, while 376 ended unchanged. The S&P/ASX 200 VIX, which tracks expected volatility, rose 1.33% to 10.96 but remained well below long-term averages, indicating restrained hedging activity despite recent softness in sentiment.**



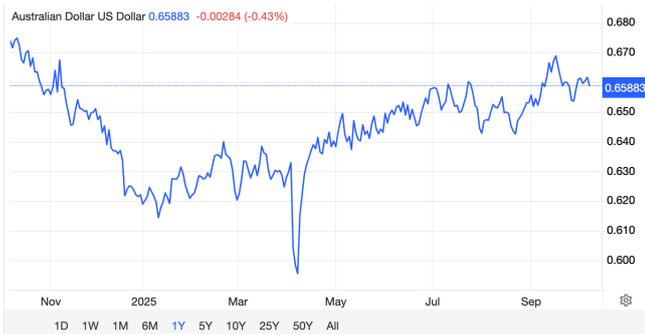
Economic data added to the cautious tone. The Westpac-Melbourne Institute Consumer Sentiment Index dropped 3.5% month-on-month to 92.1 in October, marking the sharpest fall since April and reversing the gradual improvement seen between May and August. Views on family finances weakened, with conditions compared to a year ago falling 4.8% to 82.1, while expectations for the next 12 months tumbled nearly 10% to 97.1, the lowest in over a year. Broader economic expectations were mixed, as the 12-month outlook slipped 2.5% to 89.9, though the five-year view edged higher by 1.4% to 94.0. The "time to buy a major household item" index dipped 1.1% to 97.2, and unemployment expectations decreased 2.9% to 127.6, slightly below the long-run average of 129.

Mathew Hassan, Head of Australian Macro-Forecasting, said households appear unsettled by recent inflation data and uncertainty around the Reserve Bank of Australia's next move. He noted that while a rate cut in November is "far from assured," it is also "not off the table."

Further signs of economic cooling came from the labour market. ANZ-Indeed Australian Job Ads fell 3.3% in September, a sharper drop than the revised 0.3% fall in August, marking the third consecutive monthly decline and the steepest since February 2024. ANZ economist Aaron Luk said the data suggest the labour market has "eased slightly" compared with the RBA's assessment of steady conditions. Indeed, Senior Economist Callam Pickering added that while retailers are already recruiting for the Christmas season, hiring appears weaker than last year. Job postings fell across education, management, and administrative support, and were down 4.3% year-on-year.

**The Australian dollar edged higher to around USD 0.661, extending gains for a third consecutive session as markets pared back expectations for near-term rate cuts.**

RBA Governor Michele Bullock reiterated that interest rates will likely remain on hold for now, citing persistent inflation in housing and services and stronger consumer spending. Markets now price in around a 40% chance of a 25-basis-point cut in November, down from near certainty one month ago.



Crosses	Price		Day	Year	Date	
AUDUSD	0.65883	▼	0.00284	-0.43%	-2.22%	14:22
EURAUD	1.7726	▲	0.0028	0.16%	8.86%	Oct/07
GBPAUD	2.0388	▲	0.0011	0.05%	4.93%	Oct/07
AUDNZD	1.1340	▲	0.0009	0.08%	3.12%	Oct/07
AUDJPY	99.2220	▼	-0.2585	-0.26%	-0.69%	Oct/07
AUDCNY	4.7054	▼	-0.0221	-0.47%	-1.33%	Oct/07
AUDCHF	0.5252	▼	-0.0009	-0.17%	-9.13%	Oct/07
AUDCAD	0.9199	▼	-0.0027	-0.29%	-0.04%	Oct/07

**In fixed income, Australia's 10-year government bond yield climbed to around 4.41%, its highest in nearly five weeks, as investors adjusted to the RBA's cautious tone.**



Bonds	Yield		Day	Month	Year	Date
Australia 10Y	4.4050	▲	0.01%	0.117%	0.223%	14:22
Australia 52W	3.59	▲	0.033%	0.169%	-0.394%	Oct/07
Australia 20Y	4.98	▼	-0.004%	0.065%	0.301%	Oct/07
Australia 2Y	3.53	▲	0.010%	0.158%	-0.271%	Oct/07
Australia 30Y	5.07	▲	0%	0.037%	0.349%	Oct/07
Australia 3Y	3.59	▼	-0.010%	0.155%	-0.167%	Oct/07
Australia 5Y	3.80	▼	-0.003%	0.131%	-0.036%	Oct/07
Australia 7Y	4.09	▲	0.017%	0.106%	0.066%	Oct/07

The rise followed last week's decision to keep the cash rate at 3.65% and a warning that inflation could stay elevated for several quarters. The September inflation gauge also rebounded after easing in August, reinforcing concerns that price pressures remain stubborn. Futures markets now assign reduced odds of near-term easing, with attention turning to upcoming consumer inflation expectations data and further remarks from RBA officials.

**Across Asia, Chinese equities extended gains after manufacturing data showed signs of improvement.**



The Shanghai Composite rose 0.52% to 3,883 and the Shenzhen Component added 0.35% to 13,527. Official figures revealed a smaller-than-expected contraction in factory activity, while a private survey indicated expansion. Beijing's push to reduce industrial overcapacity and shore up growth has helped stabilize investor sentiment. The technology sector remained a bright spot, with Giga Device Semiconductor up 8.2%, Zhejiang Sanhua Intelligent up 3.9%, and Seres Group up 7.8%. Trading remained muted ahead of the National Day holiday, with markets set to close from October 1 to 8 for Golden Week.

**In the United States, stock futures edged lower as the government shutdown entered its seventh day. Efforts to pass temporary funding bills failed again in the Senate, and Democratic leader Chuck Schumer dismissed President Donald Trump's claim that talks were ongoing.**



Indexes	Price		Day	Month	Year	Date	
US30	46609	▼	86	-0.18%	2.39%	10.74%	14:23
US400	3,292.98	▲	4.05	0.12%	-0.10%	6.39%	Oct/06
US2000	2,483.80	▲	7.62	0.31%	3.71%	13.26%	Oct/06
US500	6734.73	▼	5.55	-0.08%	3.68%	17.09%	14:23
Trade Desk	53.14	▲	1.59	3.08%	2.13%	-52.47%	Oct/06
US100	24954	▼	25	-0.10%	5.03%	24.11%	14:23
USVIX	16.62	▲	0.25	0.25%	1.51%	-6.02%	Oct/07

Despite the political stalemate, Wall Street began the week on a strong footing. The S&P 500 and Nasdaq Composite reached new record highs, supported by optimism around artificial intelligence deal activity and expectations of a Federal Reserve rate cut. AMD jumped 23.7% after

announcing a multiyear agreement to supply AI chips to OpenAI, which could acquire up to a 10% stake in the company. Other technology heavyweights including Tesla, Microsoft, and Palantir Technologies also advanced.

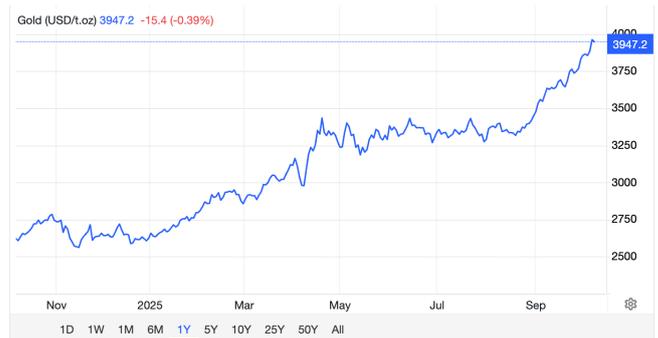
**Oil prices strengthened for a third straight session, with WTI crude trading near USD 62 per barrel. Gains were supported by a smaller-than-expected production increase from OPEC+, which agreed to boost output by 137,000 barrels per day in November, the same as in October.**



	Price	Day	Month	Year	Date	
Crude Oil	61.768	▲ 0.078	0.13%	-0.73%	-15.99%	14:23
Brent	65.592	▲ 0.122	0.19%	-0.59%	-14.96%	14:23
Natural gas	3.3777	▲ 0.0207	0.62%	9.22%	23.48%	14:23
Gasoline	1.9043	▲ 0.0071	0.37%	-2.83%	-8.20%	14:23
Heating Oil	2.2556	▲ 0.0113	0.50%	-2.43%	-2.33%	14:23
Coal	104.75	▼ -0.25	-0.24%	-0.99%	-31.54%	Oct/06
Ethanol	1.90	▲ 0	0%	-4.52%	19.12%	Oct/06
Urals Oil	61.33	▲ 0.96	1.59%	-0.54%	-16.33%	Oct/06

Supply concerns also resurfaced after Ukraine's drone strike on Russia's Kirishi refinery halted its main distillation unit. The facility's recovery could take several weeks, tightening regional supply. However, upside potential remains limited by worries about oversupply from both OPEC+ and non-OPEC producers and by tepid global demand.

**Gold prices eased slightly to around USD 3,950 per ounce, staying near record highs. The metal remains supported by persistent economic uncertainty and growing expectations of Federal Reserve easing.**



	Price	Day	Month	Year	Date	
Gold	3947.15	▼ 15.4	-0.39%	8.64%	50.65%	14:23
Silver	47.887	▼ 0.673	-1.39%	16.01%	56.39%	14:23
Copper	4.9895	▼ 0.0131	-0.26%	11.02%	12.94%	14:23
Steel	3,005.00	▼ -27.00	-0.89%	-2.31%	-10.83%	Oct/01
Platinum	1,612.30	▼ -15.10	-0.93%	16.33%	68.67%	Oct/07
Iron Ore	104.48	▲ 0.12	0.12%	-0.43%	-7.04%	Oct/06

The prolonged US government shutdown has delayed key data releases, complicating the Fed's ability to gauge economic conditions. Futures markets continue to price in 25-basis-point cuts in both October and December, with probabilities above 90% and 80%, respectively. Political unease in France and Japan has also boosted safe-haven demand. Meanwhile, China's central bank extended its gold purchases for an 11th consecutive month in September. Gold has risen about 51% so far this year, lifted by strong central bank buying, solid ETF inflows, inflation concerns, and a weaker dollar.

Overall, the tone across Asia-Pacific markets was cautious. Investors balanced improving signals from China's industrial recovery against a more uncertain Australian outlook and a complicated global policy environment. With consumer confidence falling, job ads retreating, and the RBA maintaining a steady hand, market participants are likely to stay selective in the near term, favouring quality, income-generating, and resource-linked names while awaiting clearer signals heading into year-end.

Regards,  
 Mark Elzayed  
 Investor Pulse

**MARKET DATA**
**ASX Top 20**

 <b>CBA<sup>D</sup></b> Commonwealth Bank	169.34 -0.62 -0.36%	 <b>WOW<sup>D</sup></b> Woolworths	26.21 -0.18 -0.68%
 <b>BHP<sup>D</sup></b> BHP	41.96 +0.06 +0.14%	 <b>TLS<sup>D</sup></b> Telstra	4.83 -0.03 -0.62%
 <b>CSL<sup>D</sup></b> CSL	205.34 -0.33 -0.16%	 <b>GMG<sup>D</sup></b> Goodman Group	33.81 -0.13 -0.38%
 <b>WBC<sup>D</sup></b> Westpac Bank	39.37 0.00 0.00%	 <b>TCL<sup>D</sup></b> Transurban	14.13 +0.07 +0.50%
 <b>NAB<sup>D</sup></b> National Australia Bank	44.56 -0.11 -0.25%	 <b>SQ2</b> Block Inc	
 <b>ANZ<sup>D</sup></b> ANZ	34.19 +0.17 +0.50%	 <b>ALL<sup>D</sup></b> Aristocrat Leisure	68.95 -0.92 -1.32%
 <b>FMG<sup>D</sup></b> Fortescue Metals	19.25 -0.22 -1.13%	 <b>NCM</b> Newcrest Mining	
 <b>WES<sup>D</sup></b> Wesfarmers	90.28 -1.23 -1.34%	 <b>REA<sup>D</sup></b> REA Group	223.89 -4.87 -2.13%
 <b>MQG<sup>D</sup></b> Macquarie Group	223.55 -0.16 -0.07%	 <b>WDS<sup>D</sup></b> Woodside Energy	23.01 -0.14 -0.60%
 <b>RIO<sup>D</sup></b> Rio Tinto	124.18 +0.60 +0.49%	 <b>XRO<sup>D</sup></b> Xero	157.46 -0.23 -0.15%


**Commodities & Forex**

 <b>TIO1!</b> IRON ORE	 <b>AUDUSD</b> Australian Dollar / U.S. Dollar	0.65885 -0.43% -0.00
 <b>GC1!</b> GOLD	 <b>AUDGBP</b> AUSTRALIAN DOLLAR / BRITISH POUND	0.4901 -0.02% -0.0001
 <b>SI1!</b> SILVER	 <b>AUDEUR</b> AUSTRALIAN DOLLAR / EURO	0.5640 -0.11% -0.0006
 <b>HG1!</b> COPPER	 <b>AUDNZD</b> Australian Dollar / New Zealand Dollar	1.13378 +0.17% +0.00
 <b>ZW1!</b> WHEAT	 <b>AUDJPY</b> Australian Dollar / Japanese Yen	99.197 -0.28% -0.28
 <b>CL1!</b> CRUDE OIL	 <b>AUDCNY</b> AUSTRALIAN DOLLAR / CHINESE YUAN	4.6994 -0.19% -0.0090
 <b>NG1!</b> NATURAL GAS	 <b>AUDTHB</b> AUSTRALIAN DOLLAR / THAI BAHT	21.434 -0.07% -0.016
 <b>NCF1!</b> COAL	 <b>AUDIDR</b> AUSTRALIAN DOLLAR / INDONESIAN ...	10,909.3 -0.64% -70.0
 <b>LTH1!</b> LITHIUM		



**Economic Calendar**

		Actual	Forecast	Prior	
  <span style="background-color: black; color: white; border-radius: 50%; padding: 2px 5px;">+3</span>					
<b>October 7</b>					
15:00			FX Reserves (Monthly)* <span>∨</span>	<span style="color: red;">Coming in 39:16</span>	3.335 TIn \$ 3.322 TIn \$
<b>October 8</b>					
08:00			Cash Rate <span>∨</span>		2.75%
<b>October 9</b>					
19:30			Initial Jobless Clm <span>∨</span>		230 KPerson
<b>October 10</b>					
14:00			FDI (YTD)* <span>∨</span>		-12.7%
<b>October 14</b>					
13:00			Claimant Count Unem Chng <span>∨</span>		17.4 KPerson
			ILO Unemployment Rate* <span>∨</span>		4.7%
<b>October 15</b>					
08:30			CPI MM * <span>∨</span>		0.2% 0%
			CPI YY * <span>∨</span>		-0.1% -0.4%
			PPI YY * <span>∨</span>		-2.3% -2.9%
19:30			Core CPI MM, SA <span>∨</span>		0.3% 0.3%
			Core CPI YY, NSA <span>∨</span>		3.1%