yieldreport Weekly

Your Income Advantage

12th May – 16th May 2025

Overview of the US Equities Market

Wall Street posted strong gains over the week, particularly technology stocks. The **S&P 500** was up 5.3%, the **Nasdaq 100** up a very significant 6.8%, and the **Dow Jones Industrial Average** up 3.4%. The US 10-yield creeped 10 bps higher, ending at 4.48%. The 2-year gained at a lesser rate, and as such **the curve steepened even more**. And why wouldn't it given the expectation of Fed cuts.

Looking at the odds of a Fed rate cut in July – that tapered this week. A week ago, we were at four cuts this year, now we are at 2.7. We'd call it three. Bond managers are really only buying the 5-year. Apart from everything else, the volatility at the long-end has hardly been 'safe haven'.

The **S&P ASX 200 Index gained slightly over the week, specifically up 1.4%.** Market sentiment remained buoyant amid easing global trade tensions, following an agreement between the US and China over the weekend to temporarily reduce tariffs, alleviating concerns over a prolonged trade war and its potential impact on global growth. With Australia's significant export exposure to China, the local market remains highly sensitive to developments in US-China trade relations.

On **fixed income, Australian markets** continue to price in a 25bps rate cut by the Reserve Bank of Australia at its upcoming meeting this Tuesday, amid signs of easing inflation and weaker consumer spending. Investors are also anticipating further cuts in July and August, taking rates to a floor of 3.25%, with some expectations that it could fall to 3.0% or below by year-end.

Stocks are now trading like last month's rout never happened. The S&P 500 is about 4% away from an all-time high, while the Nasdaq 100 swung from a bear market back into a bull market. The advance is building as economic tensions between the US and China ease and the White House appears to be softening its approach to trade negotiations.

We can focus on company fundamentals but there's little clarity over how the existing levies might impact the US economy or the trajectory the global trade war will take in coming months. And on fundamentals, Walmart report is an interesting read given they are a consumer bellwether.

Walmart Inc. delivered another quarter of solid sales and earnings growth but **cautioned that tariffs and increasing economic turbulence means even the world's largest retailer expects to raise prices**. Still, Trump's on-off tariffs haven't spared the company. Transaction growth slowed from a year ago and sales were choppy last quarter, with grocery and pharmacy holding up while general merchandise slumped. And price increases fueled by the trade war are soon expected to hit shelves. If you've not already seen it, it will happen in May and then it will become more pronounced. **Walmart will be fine – SMEs (or SMBs in the US context) arguably will not**. Walmart is better-positioned than other retailers to weather the range of challenges. The company's global supply chain allows it to source products from several regions, while its scale means it can negotiate better deals with suppliers.

Most consumer-facing companies have reported soft results in recent weeks, citing volatility in demand and economic disruption. Procter & Gamble Co. and Kraft Heinz Co. slashed their annual outlooks, while Southwest Airlines Co. and other airlines have voiced concerns about a looming recession. It's a challenging environment to operate in retail right now. There really hasn't been a historical precedent or prices going up this high, this fast. The magnitude of the tariff increases though are so large that retailers can't absorb these by themselves.

When **Jamie Dimon** talks, people listen: “recession remains a possibility as tariff fallout continues to buffet global economies”.

The negative earnings-growth momentum that plagued US equities for months is finally taking a turn for the better. A gauge of earnings revisions, based on the number of upgrades and downgrades, has turned positive for the first time in six months. And, 77% of S&P 500 members reported surprised positively in the first quarter, the highest since the second quarter of last year. Meanwhile, earnings growth in the quarter is running at 13.1%, compared with just 6.6% expected before the start of the season. Last month, sell-side strategists were downgrading their forecasts for the S&P 500 at a furious pace. But since then, well, forcing those same strategists to pull U-turns on their calls.

Wall Street veterans Ed Yardeni and David Kostin at Goldman Sachs are among the strategists changing course this week, calling for the S&P 500 to rally past 6,000 by December’s close. They also were among the first to slash their 2025 targets for the benchmark in April.

Well, Wall Street isn’t Main Street, right. Sentiment among US small businesses deteriorated for a fourth straight month in April due to concerns about the economic outlook and sales prospects amid higher tariffs. The National Federation of Independent Business (NFIB) optimism index dropped 1.6 points to 95.8, the weakest reading since October, with six of the survey's 10 components decreasing **(see figure 2)**.

Charts of the Week

Figure 1: US Conference Board

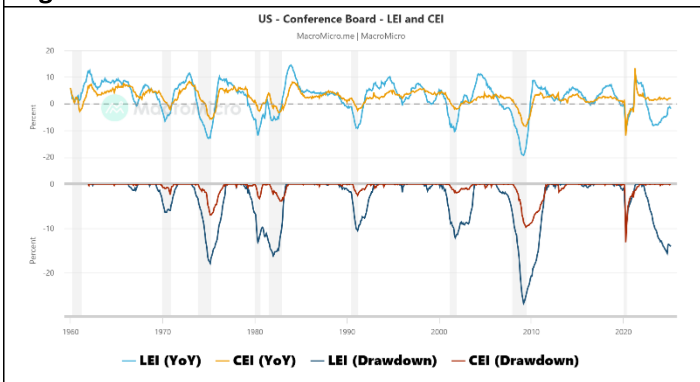


Figure 2: US NFIB – Small Business Optimism

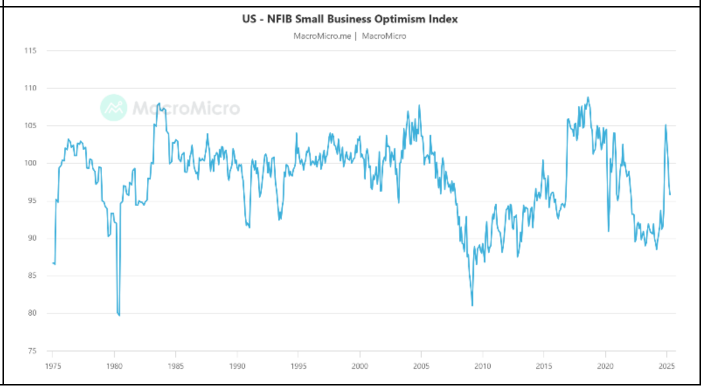


Figure 1 displays the leading and coincident indicators published by the Conference Board (CB), both of which are key tools for assessing economic health. The Leading Economic Index (LEI) is derived from data such as average working hours, the number of initial unemployment benefit claims, new manufacturing orders, and the stock price index. It typically signals future economic trends. The Coincident Economic Index (CEI), in contrast, reflects the current state of the economy, based on data like employment, personal income excluding transfer payments, manufacturing and trade sales, and industrial production. The year-on-year growth rate is calculated by comparing the most recent value with the value from the same period last year. The drawdown is calculated by measuring the decline from the three-year high to the most recent value. Historical data indicates that when both leading and coincident indicators show a significant decline, it often signals that the economy is either already in or on the verge of a recession.

Overview of the Australian Equities Market

The **S&P ASX 200 Index gained slightly over the week, specifically up 1.4%.** Market sentiment remained buoyant amid easing global trade tensions, following an agreement between the US and China over the weekend to temporarily reduce tariffs, alleviating concerns over a prolonged trade war and its potential impact on global growth. With Australia's significant export exposure to China, the local market remains highly sensitive to developments in US-China trade relations.

Meanwhile, **domestic data showed that consumer confidence in Australia improved in May**, supported by a rebound in financial markets and the resolution of uncertainty following the Federal election. Going the other way, on Thursday, data showed continued weakness in Australia's industrial sector in April, with trade and election-related uncertainties weighing heavily on manufacturing, particularly in export-exposed areas.

During the week on Thursday, National Australia Bank surged 1.9% after posting better-than-expected first-half cash earnings. Meanwhile, Macquarie Group rose 0.7% even after regulators launched new enforcement actions against its banking unit over significant compliance breaches.

Overview of the US Treasuries Market

The **S&P ASX 200 Index gained slightly over the week, specifically up 1.4%.** Market sentiment remained buoyant amid easing global trade tensions, following an agreement between the US and China over the weekend to temporarily reduce tariffs, alleviating concerns over a prolonged trade war and its potential impact on global growth. With Australia's significant export exposure to China, the local market remains highly sensitive to developments in US-China trade relations.

The **yield on the 10-year US Treasury note** fell to 4.4% on Friday from the three-month high of 4.55% touched yesterday, as the latest data favored multiple rate cuts by the Fed this year. Consumer and wholesale costs were lower than expected in April, suggesting that tariffs passed by the White House did not trigger an immediate increase in price levels. Still, this was countered by import prices unexpectedly rising in April, indicating that firms may have attempted to pass tariffs through to consumers.

In the meantime, the control group for retail sales unexpectedly contracted, strengthening the argument for dovish policymakers in the FOMC. Yields remained over 23bps higher since the start of the month. The US and China jointly lowered their tariffs against each other for the next 90 days, easing concerns that trade barriers would cause a recession and triggering a sharp rebound in risk sentiment and long-dated US Treasury yields.

Moody's lowered the US credit score to Aa1 from AAA on Friday after market close, joining Fitch Ratings and S&P Global Ratings in grading the world's biggest economy below the top, triple-A position. The one-notch cut comes more than a year after Moody's changed its outlook on the US rating to negative. The credit assessor now has a stable outlook.

Long-term Treasury yields have already been moving higher, with 30-year rates creeping toward 5% as the tax-cut plan adds to investor concerns about the surging debt load. Jamie Dimon, chief executive officer of

JPMorgan Chase & Co., said in an interview late last week that the US deficit and debt load would be an issue. “It creates risk of inflation to me. It creates risk of higher long-term rates,” Dimon said.

The bond market is sending a message to the administration about deficits, and interest-rate strategists are recommending positioning for a delay in Fed rate cuts, with some predicting yields have more room to rise.

All this - despite a **softer-than-expected CPI print for April**, as evidence of stockpiling by firms prior to tariffs by the US likely delayed the immediate impact of levies on the price of goods and services for households.

After piling into short-term Treasuries, anticipating the Fed would start easing policy as soon as next month to contain the fallout, they reversed course. Two-year yields shot up, staging the biggest two-day jump since October, and futures traders started pricing in what Fed officials have been consistently trying to drive home — that they will remain in wait-and-see mode until there’s more evidence that the economy has turned. With inflation being above the Fed’s target, tariffs which can move prices higher and a still solid labour market, the Fed is unlikely to do anything. They are data dependent and the data could turn weaker by the time the Fed meets mid-June.

Figure 1: Australian & US Government Bond Yields

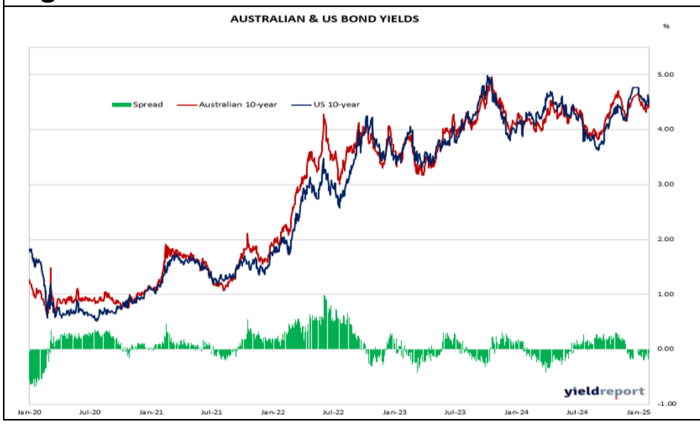


Figure: Global Bond Yields

Overview of the Australian Government Bond Market

Australian bond traders shrugged off stronger-than-expected labour force data on Thursday and doubled down on bets the Reserve Bank of Australia will cut the policy rate on Tuesday. In good news for equities, money markets are almost fully priced for a quarter-point rate cut.

About 89,000 people found work in April, the Australian Bureau of Statistics said on Thursday, beating expectations for modest gains of 22,500. Despite the unexpectedly strong rise in employment, the unemployment rate held steady at 4.1 per cent as the share of the working-age population with a job or looking for one climbed to a near-record high of 67.1 per cent. Financial markets are almost certain the RBA board will cut the cash rate to 3.85% from 4.1% when it meets next Monday and Tuesday, amid little evidence that low unemployment is causing unsustainable wage pressures. But economists said the jobs figures reinforced the Reserve Bank’s view that the labour market was either stabilising or strengthening, creating the possibility that inflationary pressures could re-emerge.

Meanwhile, former RBA board member Warwick McKibbin said Australia's "very large" fiscal stimulus at a time when monetary policy is around neutral — neither stimulating nor slowing economic activity — suggests the RBA should keep interest rates unchanged next week.

Concluding Remarks

Stocks are getting a little short-term stretched? The S&P 500's 14-day Relative Strength Index is at the highest since December. Meantime, the CNN Fear/Greed gauge approached "extreme greed" levels. **Tech may continue to lead the market**, as the sector stands to benefit from easing trade tensions and as investors once again resume their excitement over the promise of artificial intelligence.

Looking Ahead: Major Economic Releases for the Week Ended 23 May

The RBA policy decision on Tuesday is the obvious highlight domestically. But in the US, an exceptionally quiet week on the macro front.

Major Economic Releases for the Week ended 23 May, 2025				
Date	**Country**	**Release**	**Consensus**	**Prior**
Tuesday, 20/5	Australia	RBA Policy Decision	3.85%	4.1%
Wednesday, 21/5	Australia	WBC MI Leading Index	n/a	0.6%
Thursday, 22/5	US	Existing Home Sales	n/a	-5.9%
Friday, 23/5	US	New Home Sales	n/a	7.4%

Cash

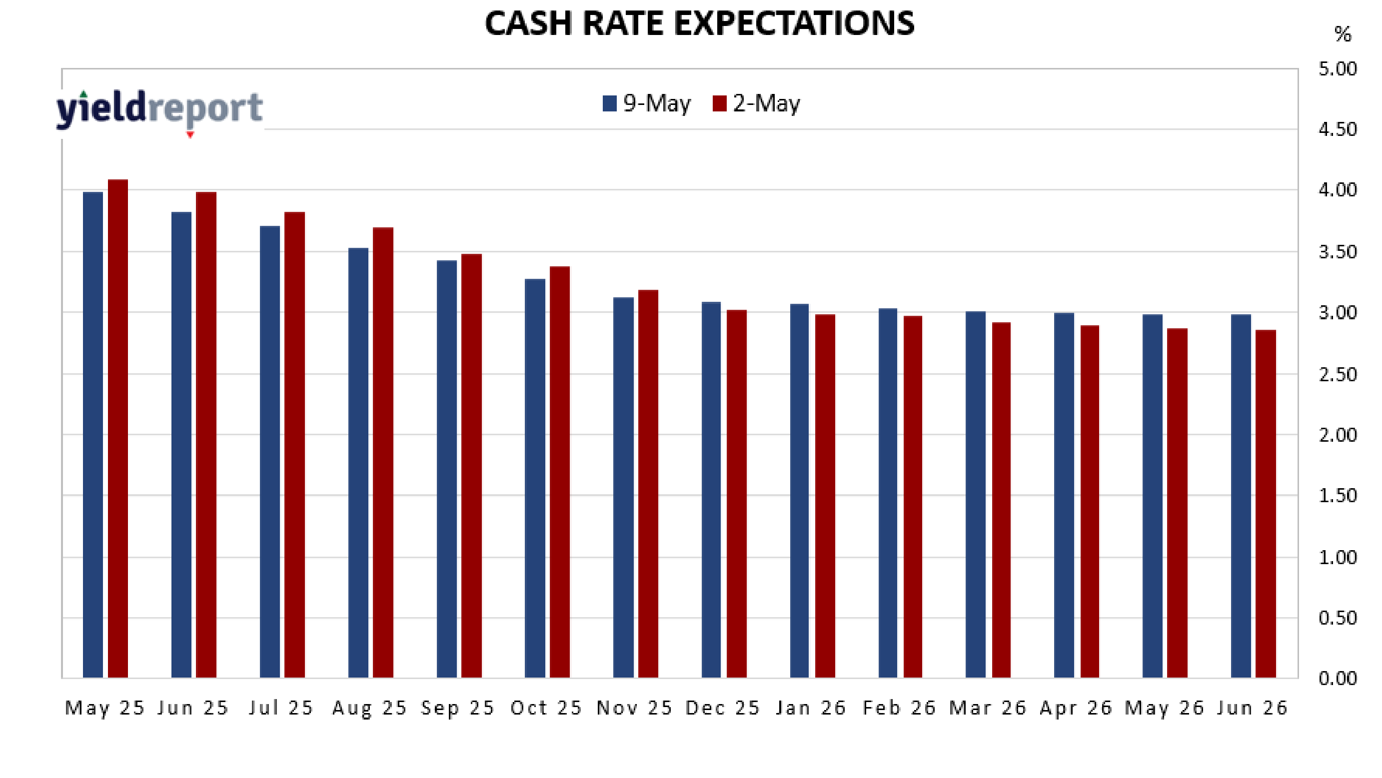
The RBA Board will be meeting on Tuesday. As at the 16th of May, the ASX 30 Day Interbank Cash Rate Futures May 2025 contract was trading at 95.995, indicating a 96% expectation of an interest rate decrease to 3.85% at the next RBA Board meeting.

The RBA is expected to break away from the US Fed and lower the cash rate on Tuesday because the domestic economy is acutely exposed to the prospect of a global recession and inflation is markedly slowing, even as the full impact of US tariffs is yet to be felt. While Australia is experiencing a clear disinflationary trend, the same cannot be said for the US, where inflation has remained sticky since mid-2024.

Domestically, inflation has been slowing, and most importantly, **services inflation slowed**, and that's the sticky part that has made the RBA reluctant to cut. Moreover, the domestic inflation outlook has brightened following Trump's 145% tariff on Chinese goods. It's entirely possible that the combination of weaker activity, coupled with disinflationary forces from the redirection of trade and goods, particularly from China, benefits Australian inflation to some degree. We will see.

US bond markets are currently pricing in between two and three quarter-percentage-point rate cuts by the Fed this year, starting in July. Meanwhile, in Australia, money markets, after the fully priced in May 30 cut, are expecting at least three further reductions anticipated thereafter.

Figure 5: ASX 30 Day Interbank Cash Rate Futures Implied Yield Curve



Term Deposits

Big banks jump the gun on term deposit rate cuts ahead of RBA move. NAB and Westpac have led the latest wave of term deposit rate drops a few days ahead of the widely expected RBA cash rate cut. Economists anticipate Governor Michele Bullock and the RBA Board will announce another 0.25% cut to the nation's key interest rate when the monetary policy meeting wraps up on 20 May. If the forecast plays out, the cash rate will fall to 3.85%.

More than half of traders surveyed by the ASX, on the other hand, are sticking with their view that a larger, half percentage point cut is on the table despite the surprise jobs data showing a surge in employment. The latest ABS labour force report, released Thursday, revealed a surge of 89,000 jobs in April - the largest monthly increase in over a year and far exceeding the 20,000-job consensus forecast.

NAB cuts term deposit rates by 10 basis points. NAB, signalling its confidence in a coming rate cut, preemptively trimmed rates on its flagship 7-month term deposit product. The bank shed 10 basis points from the 7-month term deposit, leaving the rate down to 4.10% p.a., currently NAB's top term deposit rate and the only one starting at '4'. This rate is now 15 basis points down from when it was last raised just a little over a month ago.

Westpac follows with special offer cut. Unsurprisingly, fellow Big Four Westpac made the same basis point cut to its term deposit offering the highest rate. As it is, these major banks typically follow each other's moves vis-a-vis rate adjustments. Westpac dropped the rates on its special offer TD with 11-month fixed term. This special offer term deposit is exclusively available to existing customers of the bank. Those opening or renewing online will receive a 0.10% p.a. bonus on top of the standard rate offered to those conducting their business in-branch.

St.George, Bank of Melbourne, BankSA cut rates in sync. Following in their parent bank's footsteps, Westpac-owned St.George, Bank of Melbourne, and BankSA also applied a 10 basis point cut to their 11-month special offer TD. Its current rate is 4.10% p.a. Term deposit accounts opened or renewed online also get an additional 0.10% p.a. special bonus offer.

Judo Bank bets big on longer terms. Judo Bank took the heat out of its flagship rate - the 3-monther - this week, taking it down to 4.55% p.a. It was previously the highest rate at the bank - now that mantle belongs to the 6-month rate (4.60% p.a.). What's notable is that Judo boosted rates on longer terms, taking them to comparatively very competitive rates. It marginally pips competitor Rabobank across these longer terms. Slightly lower rates apply if one opts for a more frequent interest payment.

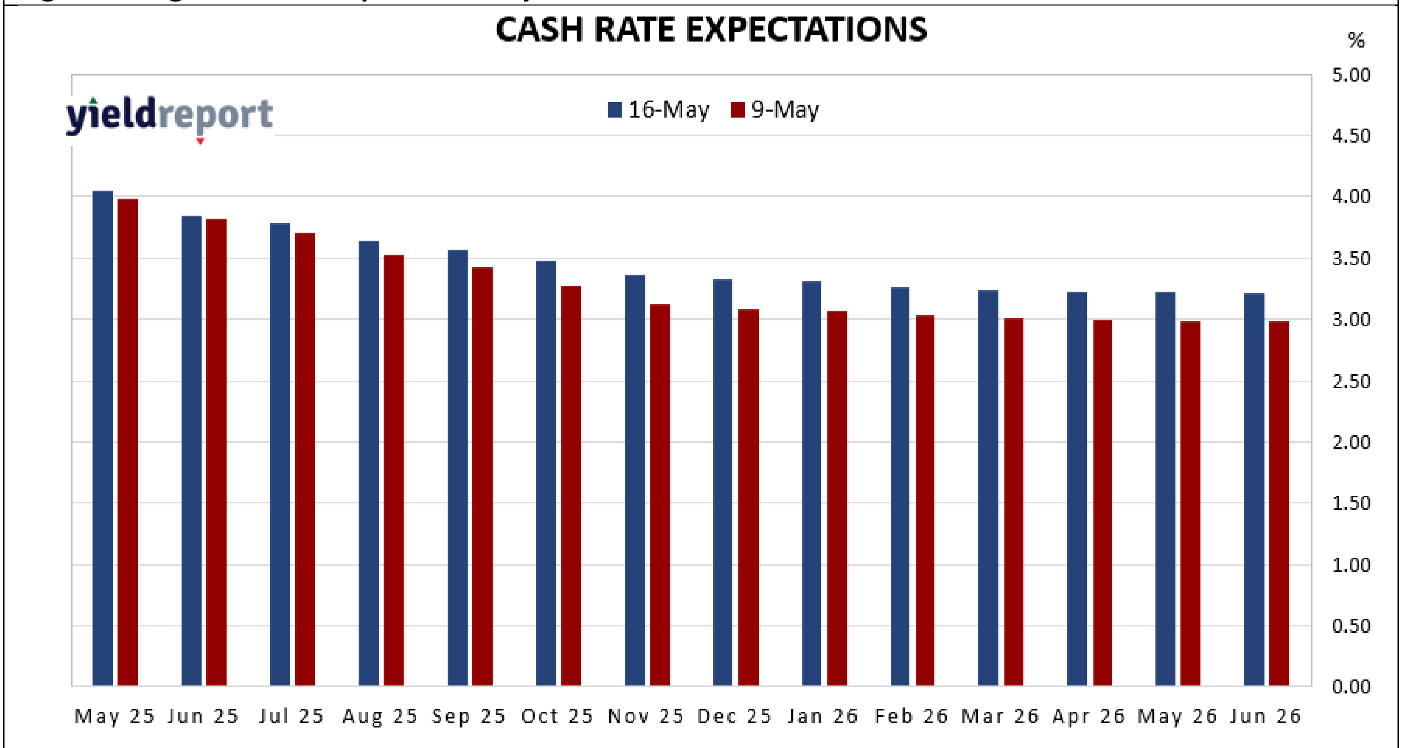
Suncorp Bank cuts term deposit rates by up to 25 basis points. Suncorp Bank applied broad cuts across its range of short-term deposits. This week's rate adjustments were applied to the bank's 3-, 4-, 6-, and 9-month TD rates. Notably, the bank's highest TD rate is now 4.40% p.a. for a 6-month term with a $1 million minimum deposit.

Rabobank joins the rate cut trend. Agribusiness bank Rabobank joined in on the rate-cutting action ahead of the RBA meeting next week, trimming up to 15 basis points off its term deposit rates.

Other movers

- Teachers Mutual Bank and UniBank cut rates by up to 45 bps
- Community First Bank cuts term deposits by up to 30 bps
- Illawarra Credit Union cuts term deposit rates by up to 30 bps
- G&C Mutual Bank cut term deposit rates by up to 25 bps
- Beyond Bank cuts term deposit rates by 10 bps
- Summerland Bank cuts term deposit rates by 10 bps

Figure 6: Highest Term Deposit Rate by Term



Government / Treasuries Yield Curve

While there has been a backup in the 2-year as the market has reset Fed cuts, the **term premium actually further rose this week. Reason**- a combination of longer-term fiscal concerns and policy uncertainty. And Friday's aftermarket moves by **Moody's, lowering the US credit score to Aa1 from AAA,** will almost inevitably lead to a further steepening the curve this week. How could it not.

In fact, if you look at the curve, it should steepen over the next six to 18 months because the front end will eventually follow the Fed cuts. In contrast, the long end there is likely only a modest reduction from here because of the budget deficit issues.

Essentially, bond managers are requiring higher yields on longer maturities, with the term premium at its highest since 2014, and are becoming more cautious in their investments, favouring shorter maturities and limiting their exposure to longer-term bonds. In the new world order, call it the **Fear of the Long Bond**. And we can't see that changing over the foreseeable future, and partly because the demand is increasingly moving to the front and circa 5-year part of the curve. In fact, the yield curve will likely steepen from here. If it does, obviously long-end yields will start to become more attractive.

Beyond last week and more broadly, rates on the long-end of the yield curve have risen steadily since the April 2nd tariff announcement, with 30-year nominal rates climbing 27bps and real 30-year rates popping 36bps. The dramatic move in the long-end of the curve has seen 10-year term premium push up to 10-year highs. Some of the move may be attributable to positioning and other temporary factors - the notable plunge in prime brokerage leverage data and the sharp move towards even more deeply negative swap spreads are consistent with the unwind of levered curve bets by hedge funds and other speculative actors. However, there are reasons to believe that long rates may continue to be volatile or even move higher, including a continued deterioration in the fiscal outlook, as noted above.

While the unwind of leveraged curve trades has sparked a sell-off on the long-end and a steepening of the yield curve, the front-end of the curve (0 to 5 years) has stayed elevated and relatively flat. Many fixed income managers believe that income and carry look attractive on the front end of the Treasury curve as well as in select corporate credits is the more attractive part of the curve.

Figure 7: Aust. 10 yr Minus 3 yr Bond Spread

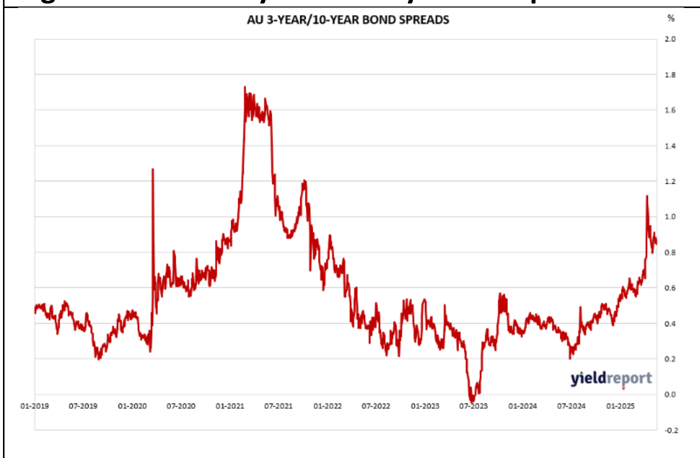
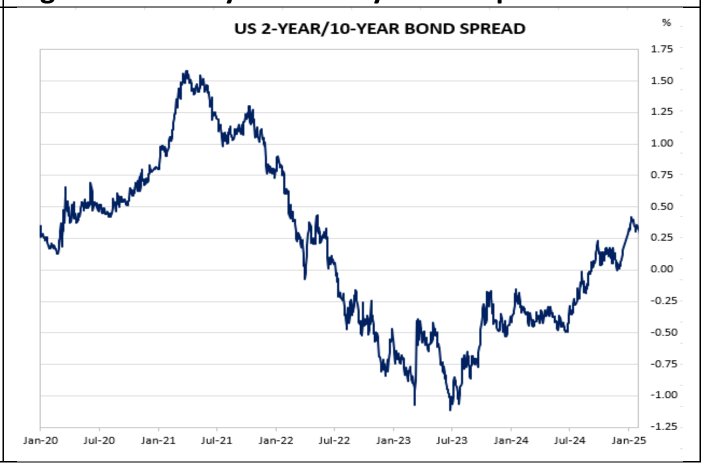


Figure 8: US 10 yr Minus 2 yr Bond Spread



Corporate Bonds

Corporate bonds moved slightly higher. By Friday close, the high yield aggregate yield had increased 6 bps to 7.75%, the BB 4bps to 6.36%, the B 4bps to 7.88% and the CCC 2bps to 13.70%. It was actually a de-risk week.

As we noted last week, there is a mountain of money going into new issuance. During the week, US and European companies raced to issue debt looking to seize on the risk on mood in markets after the easing of US and China trade tensions. Europe had the busiest week since January with volume topping 90 billion euros, McDonald's and Pfizer joining a records spree of reverse Yankee bond issuance that now stands at over 82 billion euros. It was Pfizer's first euro bond in seven years.

In the US, investment grade sales volume came in above $40 billion for the second consecutive week. Sales were highlighted by UPS us, bankcorp and SocGen for the month. The total sits at $95 billion. Meanwhile, in high yield companies sold high yield bonds totalling more than $11 billion for the week. It included sales from the likes of Avis Carnival and coals and particular the coal sale was its first since 2021 and the first time the company has ever tapped the high yield market, it saw one and three quarters of a billion dollars of demand for its $360 million sale.

In Australia, the domestic A$ market is beginning to heat up after a slow April due to the combination of Trump-induced volatility and the Easter/ANZAC break. Over April, only one A$ credit deal priced over the month in Sydney Airport, albeit we note the below chart specifically is filtered by issuance date, rather than pricing date (with two deals being priced in March and settling in April). Nonetheless, this was the slowest month for A$ benchmark credit deals since March 2020 – with no financials issuance for over six weeks.

Thanks to recent trade optimism spreads have dropped and made the market appealing for companies. Looking to raise cash is also caused some big bank analysts this week to predict tighter spreads by the end of the year. There is certainly a more challenging growth inflation mix over the long term. The key point there is that the magnitude and the timing of that is very uncertain. There's a reason that spreads, for example, are still wider than where they were at the start the year. Spreads, are now back to mid-March levels. But they are not back to the post-financial crisis new tights that were set in February. So, there is a degree of risk premium baked in. They could widen, one saving grace, however, in the corporate credit market is that the all in yield opportunity is still really attractive.

Three things are standing out in terms of investor behaviour currently. One, there's an acknowledgement that there's a lot of uncertainty, but there is an optimism that the US economy can power through this. Two, there's a significant focus on what would be characterised as back to basics credit work, acknowledging that the market does not understand a lot of the forward path, but focusing on what can be controlled - underwriting, structured cash flows, etc. Third, there are a significant amount of focus on finding opportunities to navigate in this environment. This has been evident in over-subscription levels of new issues. This is also evident in the last three weeks of inflows in the US high yield market. It’s a proactive approach, reflecting an acknowledgement that most can't time when the hard data, for example, might catch to the soft data and, in the interim, investors do not want to be under-risked or under-invested.

Figure 9: US High Yield Bond Fundamental Index

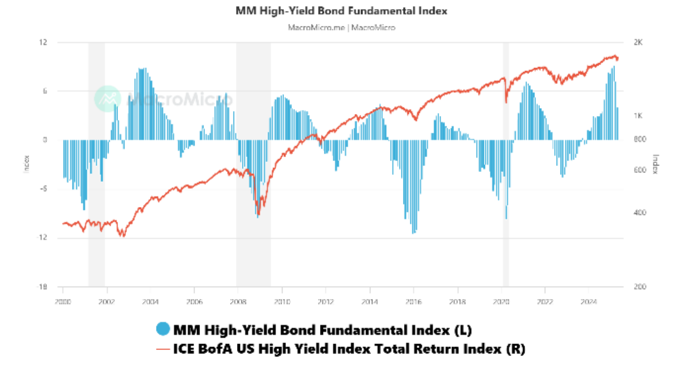
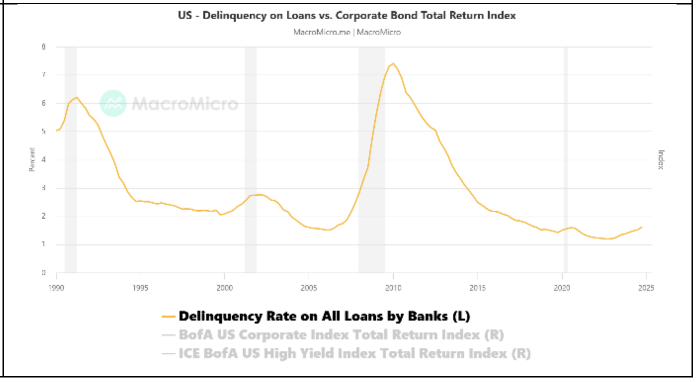


Figure 10: Delinquency on US Loans



In relation to Figure 1, the MM Fundamental Index for high-yield bonds is an integral index for assessing the fundamentals of junk bonds. When it goes up, the fundamentals of junk bonds are looking good. The Fundamental Index is updated with the monthly value on the last Friday of each month, and there may be subsequent changes due to data revisions for its constituent variables.

In relation to Figure 2, the US Fed surveys large commercial banks on the delinquency rates on loans and leases each quarter. As delinquency rates on loans and leases reflect the overall debt repayment capacity of businesses, delinquency rates serve as an important indicator of corporate bond defaults. The latest statistics are very solid: Delinquency Rate on All Loans by Banks (2024-Q4): 1.62%. Previous month: 1.52%.

Figure 11: US High Yield Bond Effective Yields

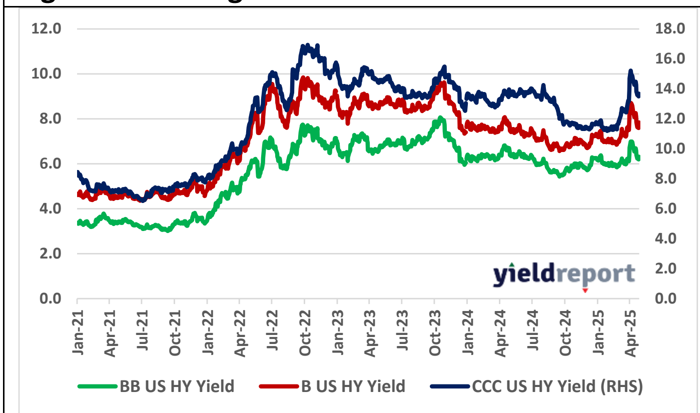


Figure 12: US High Yield Bond OAS Spreads

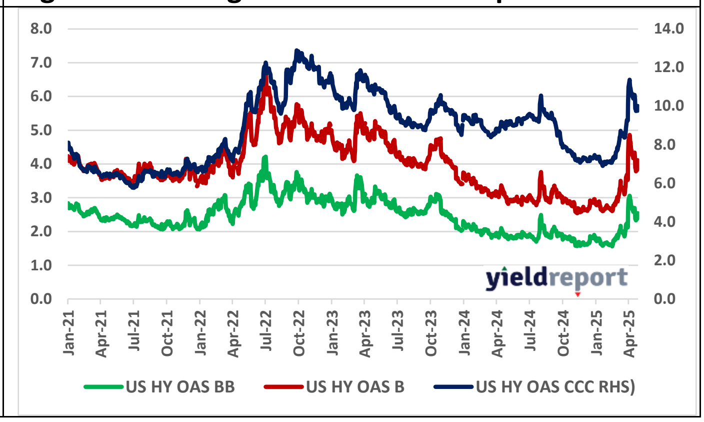


Figure 13: ITRAXX Australia - CDS Index

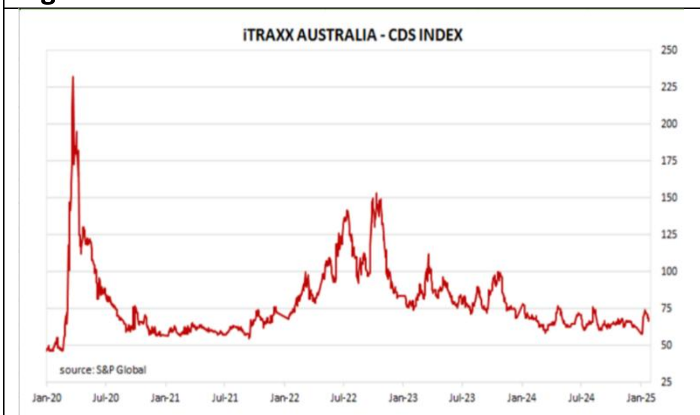
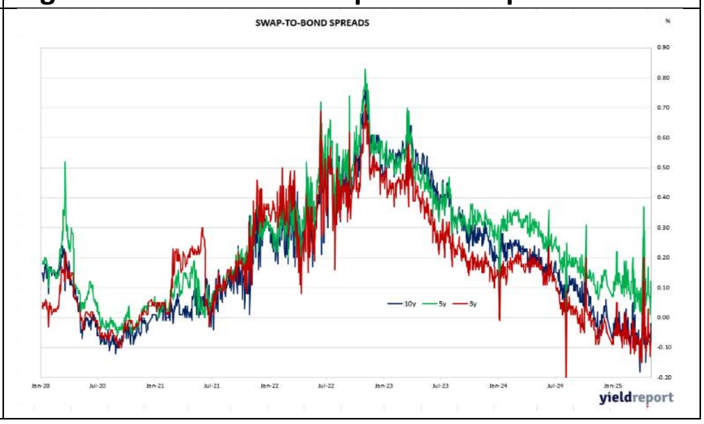


Figure 14: Australian Swap to Bond Spreads



Hybrids

Judo Capital continues to lead all ASX-listed hybrids on 14th May 2025, posting the highest positive daily change of +0.60% and offering the top running yield at 9.55%. The most significant decline came from Macquarie's MQGPD with a running yield of 7.68%, which dropped -0.85%, marking one of the steepest single-day losses among major hybrid securities. AMP Group (AMPPB) and Macquarie (MBLPC), also fell sharply by -0.84% and -0.82%, respectively. Latitude (LFSPA) saw a notable negative move of -0.50%, despite offering the second-highest yield at 9.06%.

ETFs – Domestic & Global

The inclusion of global ETFs, specifically the US and Europe, is intended to provide two types of investor insights and that are ultimately pertinent to the Australian ETF market.

Firstly, inflows / outflows data and which clearly provides a strong signal regarding investor sentiment regarding asset classes, geographic preferences or otherwise, thematic / sector preferences, and finally fear and greed levels.

Secondly, new issue ETFs reflect 'real-time' investment theme investor sentiment. i.e, what's 'hot'. Additionally, the largest Australian ETF issues are all part of large international entities. And often what ETF is issued in their home markets and, to some degree, subsequently issued in Australia.

ETFs News – Investors go on the Defence in April and to Europe

Investors go on the defence in April: Amundi ETF. **European strategies** accounted for half of the month's overall inflows of EUR16.9 billion says Amundi ETF, with investors allocated **into defensive strategies** in both equities and fixed income. **Smart beta, minimum volatility and government bonds all posted gains**. The rotation to European equities showed no sign of abating, as half of the overall net new assets (NNA) in the month were directed towards these exposures. This underscores the year-to-date trend of investors preferring Europe over the US in equities.

Trackinsight has published its 2025 global ETF survey revealing that the ETF Industry has broken new barriers as global growth accelerates.

Active ETFs: The breakout story. **Active ETFs now represent 27% of global listings** (up from 13% in 2019). They attracted USD352 billion in 2024—22 per cent of total flows—and made up 51% of all ETF launches.

The US leads with USD973 billion in active ETF AUM and 60 per cent of new listings. Share class reform and fund conversions are poised to fuel further growth. Europe is catching on, with active ETF AUM quadrupling since 2019, the firm says.

APAC (ex-China/India) is gaining speed. Australia, Korea and Japan are driving growth with AI, income, and flexible strategies. Regulatory changes have helped level the playing field, Trackinsight writes.

Fixed Income ETFs: maturing & expanding: Bond ETFs exceeded USD2.6 trillion in AUM (ex-China/India). The US dominates with USD1.9 trillion, but Europe, Canada, and APAC are growing fast. 2024 saw 572 new bond ETFs globally. Active strategies took the lead, with 269 launches and USD127 billion in inflows — a third of all Fixed Income ETF inflows. Their market share hit 15%, up from 9% in 2019.

Thematic ETFs: growth, but selective. Thematic ETFs hit a turning point. US assets reached USD278 billion, led by crypto, infrastructure, AI, and nuclear. But closures are rising, especially in niche fading or volatile areas like metaverse and blockchain.

Listed Investment Companies & Trusts

As reported by the AFR last week, Sandon Capital founder Gabriel Radzyminski is in the throes of hand-to-hand combat with the board of Southern Cross Austereo.

With his latest target, radio and television broadcaster Southern Cross – which owns FM stations including Triple M – Radzyminski believes the shares at 75¢ each are trading at a substantial discount to its potential, which will only be realised with a change to its board and management.

The activist investor fired off his first public shot on May 7, issuing a letter that pushed back on the broadcaster's decision to resume paying dividends and the new executive incentive scheme, describing both as a thinly veiled bid for short-term shareholder support.

Two days later, Sandon issued a section 203D notice calling for the removal of Southern Cross chairman Heith Mackay-Cruise and three other directors, just weeks after it appeared on the register with a 5.05 per cent stake.

Southern Cross shot back on May 12 with an ASX statement that dismissed the campaign as "considerable distraction" and said the board had the backing of major shareholders. It also noted that since Sandon first bought shares in October 2024 at 51¢, the stock had climbed about 40 per cent.

Sandon escalated the campaign again on Friday when it applied to the Australian Takeovers Panel for permission for ARN Media to vote in its upcoming spill against the Southern Cross board.

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