



BULLS vs BEARS

MPC Markets – Weekly edition
FOUNDED BY INVESTORS, FOR INVESTORS



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MPC IN THE MEDIA

Head of Trading Jonathan Tacadena was on the COB this week on Ausbiz. He updated viewers on MPC Markets recent trade on Treasury Wine Estates (TWE). Gave thoughts on the overall earnings season, which is in full swing and then contemplated the strong NVDA results.



LIVEWIRE: THINK YOU'VE MISSED THE AI BOAT? THINK AGAIN

Mark Gardner of MPC Markets uses the Lassonde Curve to compare AI's early growth stage to speculative market cycles, advising caution against premature investment. Highlighting parallels with the tech bubble, he points to early warning signs and concentration risks, urging investors to recognize the cyclical nature of speculative investments and the importance of timing.

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Join our exclusive webinar to explore the AI investment landscape, unlock strategies for timing your entry, and learn to navigate the next big wave.

AI Investing Webinar Recording



STOCKS

HIGHLIGHTS OF THE WEEK

AU EARNINGS THIS WEEK

Block (SQ2)

Block Inc. (SQ2) saw its shares surge 16% to \$117.80, buoyed by its announcement to integrate Afterpay into its Cash App in the U.S. The company outperformed market expectations, reporting December quarter sales of \$5.77 billion. Despite this, Block's net operating loss for the quarter expanded significantly to \$131 million, up from \$10 million in the previous period. Although specific financials for Afterpay were not disclosed, Block noted a substantial 25% increase in its Buy Now, Pay Later (BNPL) service's gross merchant value, which reached \$8.6 billion in the December quarter, indicating strong growth in this segment.

Lovisa (LOV)

Lovisa Holdings, the fast-fashion jewellery retailer championed by billionaire Brett Blundy, experienced a notable surge in its shares following a report of exceptional sales growth and an increase in dividends. The company announced an 18.2% rise in sales to \$373 million for the six-month period ending December 31, surpassing analyst expectations. This growth was primarily driven by its expanding store network, especially in Europe and the Americas. Despite a 4.4% decline in sales excluding 74 new stores, Lovisa reported positive early 2024 trading. Earnings climbed 16.3% to \$81.6 million, with net profit up 12% to \$53.5 million. Consequently, the interim dividend was raised to 50 cents per share, boosting shares by over 10% to \$27.22 amidst covering of short positions.

Aussie Broadband (ABB)

Aussie Broadband witnessed significant growth in sales, home internet subscriptions, and profits during the six months ending December 31. Since its IPO in October 2020, priced at \$1 per share, the company's stock value has almost quadrupled, marking a 15% increase today to \$4.42. The firm expanded its NBN market share to 8.3% from 7.0% in the first half of FY23, coupled with delivering outstanding customer service. A successful \$140 million capital raise bolstered its balance sheet, enhancing its capacity for future mergers and acquisitions. Revenue for the first half reached A\$445.9 million, up from A\$379.0 million, with net earnings growing to A\$9.8 million from A\$8.6 million.

Netwealth (NWL)

Netwealth's recent financial results garnered positive reactions, continuing the firm's impressive performance amid the global equity market rally that began in November, with its shares soaring over 46%. The company managed to moderate its cost growth to 14%, a significant reduction from the 20% increases observed in the preceding four years, notably in employee expenses amidst an expansion of the workforce by 35 roles to a total of 588 employees. This moderation reflects Netwealth's strategic focus on balancing growth and profitability. For the first half, Netwealth reported a revenue increase of 20% year-on-year to A\$123.3 million and a net profit surge of 28% to A\$39.3 million, highlighting its operational efficiency and market strength.



STOCKS

HIGHLIGHTS OF THE WEEK

Nvidia earnings

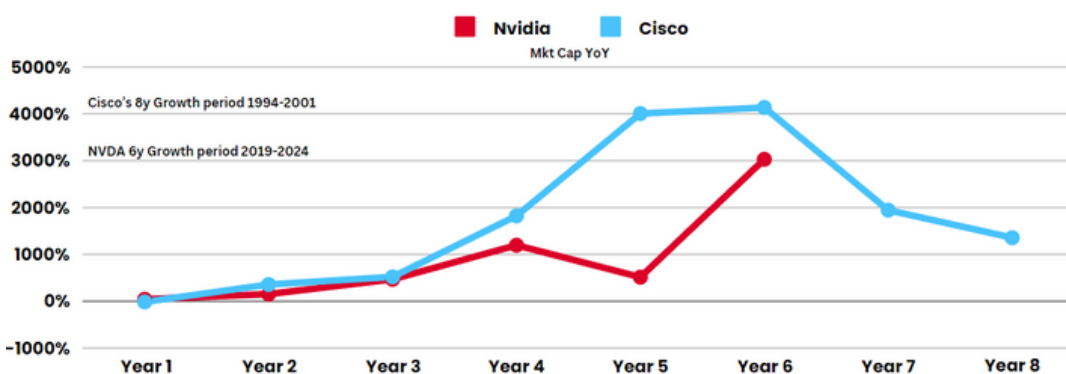
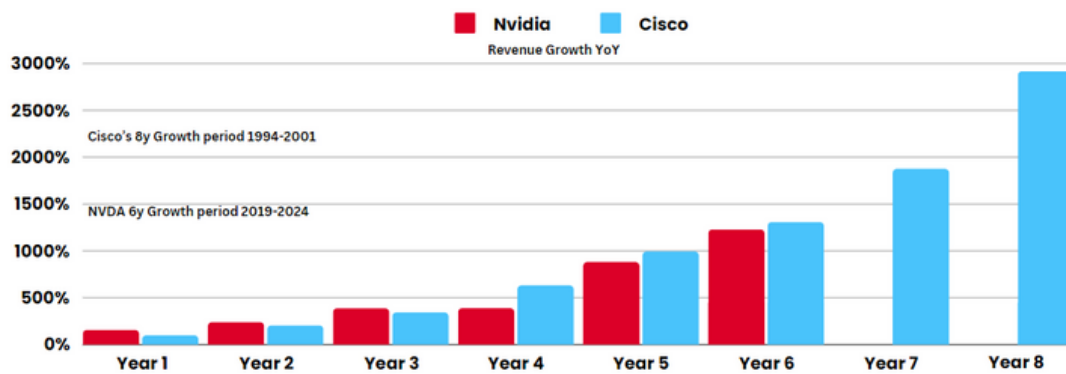
Reported fourth quarter EPS of \$5.16, \$0.55 better than the analyst estimate of \$4.61. Revenue for the quarter came in at \$22.1B versus the consensus estimate of \$20.55B. Guidance. NVIDIA sees Q1 2025 revenue of \$24.00B versus the analyst consensus of \$22.00B. NVIDIA's stock price closed at \$674.72. It is up 41.23% in the last 3 months and up 225.10% in the last 12 months.

NVIDIA saw 33 positive EPS revisions and 0 negative EPS revisions in the last 90 days. Shares in Nvidia jumped in U.S. after market trade on Wednesday, touching a new record high, after the chipmaker clocked stronger-than-expected fourth-quarter revenues and delivered a sales outlook for the current three-month period that was also above Wall Street estimates.

Chief Executive Jensen Huang, weighing in on the boom in artificial intelligence that has fueled a surge in the company's valuation over the past 12 months, said the nascent technology is at a "tipping point."

"Demand is surging worldwide across companies, industries and nations," he said.

Gains in Nvidia, which manufactures the graphics processors that help train AI systems, spilled into Asian semiconductor stocks.



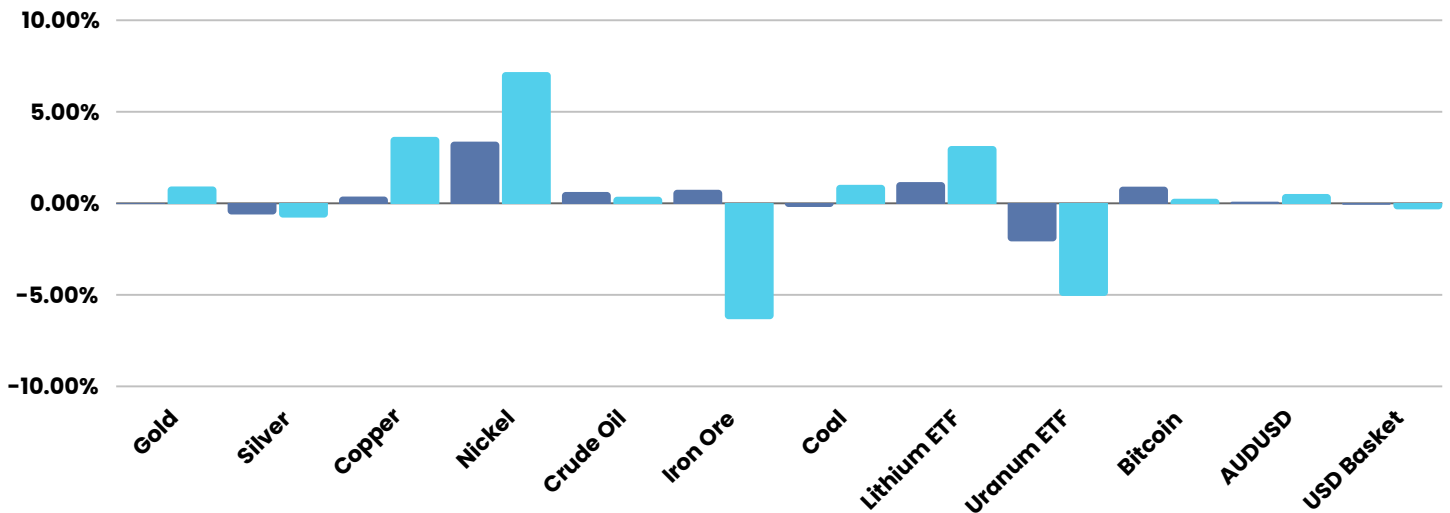
Comparison of Cisco during the Tech bubble period VS Nvidia during the current AI frenzy

While growth in revenue looks the same, market cap peaked mid-phase



COMMODITIES & FX

■ Day ■ Week



Overall a quiet week in commodities and FX due to the headlines being dominated by US company earnings.

Iron Ore & Copper - Iron ore took a sharp tumble on the return from Chinese New Year break, falling 8% early in the week. We saw some recovery after Rate cuts and stimulus from the PBOC, clawing back 3%

Gold - Higher for longer in interest rates unfortunately means lower for longer for Gold as the market unwinds speculation of not only March rate cuts, we see no reason for gold to rally in the near term

Crude Oil - a muted week despite the continuing heightened middle east tensions and solid US economic numbers which should work in favour of prices

Coal - Little to report in coal this week as prices continued to stabilise. Coal stocks have fallen on earnings reports but look very cheap with China stimulus to filter through

Uranium - the spot price moved slightly lower to \$99, however Uranium stocks have plummeted around 10%-20% as short term money left the trade. Banning of Russian Uranium by the US Govt could trigger a further rally

Bitcoin - Cryptocurrency had a relatively quiet week after a spectacular rally the previous week



ECONOMY & POLITICS

RBA Minutes

In its recent monetary policy meeting, the Reserve Bank of Australia (RBA) conveyed a cautious outlook, emphasizing the persistent uncertainty surrounding economic conditions and inflation trends. Despite current consumer price inflation standing at 4.1%, the RBA's projections suggest a decline to 2.8% by December 2025. However, due to the high level of economic unpredictability and the significant risks associated with not meeting inflation targets, the RBA has kept the option of further cash rate hikes on the table. This stance comes amid market anticipations of a rate cut, with expectations set for a 0.25 percentage point reduction at the RBA's September meeting. Nevertheless, the board decided to maintain the cash rate at 4.35%, citing recent data indicating a cooling economy and a deceleration in inflation, which had surpassed expectations. The meeting minutes also highlighted efforts to refine the RBA's communication strategy, marked by the attendance of Sally Cray, the new chief communications officer, signaling a strategic focus on enhancing transparency and messaging effectiveness.

TRUMP ALL BUT SEALS NOMINATION

Former President Donald Trump and former U.N. Ambassador Nikki Haley's battle for the Republican presidential nomination heads to South Carolina on Saturday, when the Southern state hosts the party's third major competitive contest of the primary season.

For Haley, who was born in South Carolina a loss in her home state would deal a big blow to her already long odds after Trump swept contests in Iowa and New Hampshire.

BIDEN CALLS PUTIN A "SOB"

President Joe Biden called Russian President Vladimir Putin a "crazy SOB" during a fundraiser in San Francisco on Wednesday, warning there is always the threat of nuclear conflict but that the existential threat to humanity remains climate. "This is the last existential threat. It is climate. We have a crazy SOB like that guy Putin and others and we always have to worry about nuclear conflict, but the existential threat to humanity is climate

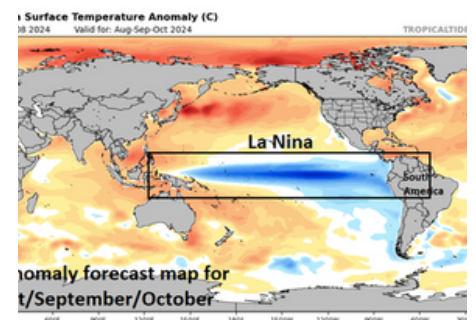
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[Missing out on Nvidia's rally? Well, you're probably missing these rallies, too](#)



[The Coming Collapse Of El Nino And Flip To La Nina](#)



TRADE OF THE WEEK

Stanmore Resources(SMR)

Balanced Portfolio Recommendation

Action: Buy/Add 23rd February 2024

Entry Price: \$3.55

Target Price: \$4.20

Stop Price: \$3.20

Stanmore Resources Limited (SMR) owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region which includes the Isaac Plains Mine and processing facilities, the adjoining Isaac Plains East (operational), Isaac Downs Project (under development) and the Isaac Plains Underground Project. SMR also holds a number of additional prospective coal tenements located in Queensland's Bowen and Surat basins.

SMR has pulled back recently from the \$3.80 area down to \$3.40. SMR has found support at these levels, so looking to add to the position on this current pullback to lower the average entry. SMR reports earnings next week, so look to buy/add before release around the \$3.55 level.



Catching the Next Wave Without Missing the Bus, Future of AI Investments

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