



BULLS vs BEARS

MPC Markets – Weekly edition
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MPC IN THE MEDIA

In the latest episode of "The Call," Kai Chen of MPC Markets provide an insightful, stock-specific analysis. Covering a diverse range of companies including Lendlease, Aussie Broadband, Superloop, Adelaide Brighton, Domino's, Telix Pharmaceuticals, Sayona Mining, Data#3, Webjet, and Hazer, they dive deep into the nuances of each stock. Highlight of the day, Downer EDI, receives special attention for its class action.



WHEN BITCOIN AND BULLION BREAK RECORDS

Bitcoin, the epitome of digital currency, soared to an all-time high of \$69,191.95. This surge is largely attributed to the U.S. regulator's nod for Bitcoin ETFs, a rekindled tech stock enthusiasm, and the cryptocurrency's nearing "halving" event, a combination that tripled its value over a year. Conversely, gold, the traditional bastion of value, reached \$2,141.79 an ounce, marking a modest yet significant 17% increase from the previous year. Its ascent is rooted in its inherent safety as a tangible asset devoid of counterparty risk, contrasted with Bitcoin's speculative allure. Gold's steady rise is also seen as a reflection of broader economic concerns, including China's economic instability and a general skepticism about central banks' ability to curb inflation without compromising the value of fiat currencies. These dynamics underscore a complex interplay of market sentiments, technological advancements, and geopolitical uncertainties, painting a multifaceted picture of investment behaviors towards conventional and modern assets.





STOCKS

HIGHLIGHTS OF THE WEEK

Apple Inc (AAPL)

Apple's pivot to artificial intelligence (AI) from electric vehicles hasn't lifted its stock, with a 11% decline this year and a 24% drop in iPhone sales in China. Investor skepticism is high due to a perceived lack of innovation, underscoring the pressure on Apple to introduce a generative AI product to stay competitive, particularly against Samsung. Despite the challenges, optimism exists regarding Apple's ability to innovate in AI, leveraging its vast user base and track record for market disruption.

BHP Limited (BHP)

BHP Group anticipates a tighter copper market, fueled by global decarbonization initiatives requiring significant increases in copper and nickel supply. Supply challenges and a notable decline in treatment charges point towards a current deficit in the copper market. BHP is focusing on expanding its Copper South Australia operations to potentially reach 500,000 tonnes per annum of production, emphasizing exploration and development drilling. Amidst these developments, BMI projects a bullish copper price forecast of US\$8,800/t for 2024, supported by a weaker US dollar and ongoing supply constraints. The copper market is expected to remain tight due to these factors, alongside BHP going ex-dividend this week.

Nickel Industries (NIC)

Nickel's outlook is improving after last year's downturn, thanks to revised supply and demand expectations. High demand from China and potential production slowdowns in Indonesia may shift the market from surplus to deficit, fueling optimism for a price recovery. However, challenges like Indonesian supply impact and electric vehicles' evolving demand pose risks. Some are cautious, but there's potential for price improvements, though hurdles remain for Australian nickel producers.

Newmont (NEM)

Gold's surge to record highs above \$US2141 an ounce has energized ASX-listed gold miners, leading to significant gains. Anticipation of US Federal Reserve rate cuts has renewed interest in gold as a safe investment, resulting in notable returns for gold miners. Despite high local currency values, ASX-listed gold stocks hadn't fully capitalized on this trend until recently. The bullish outlook for gold, driven by its role as a wealth store amid US fiscal concerns and potential banking crises, has attracted more investment into the sector.

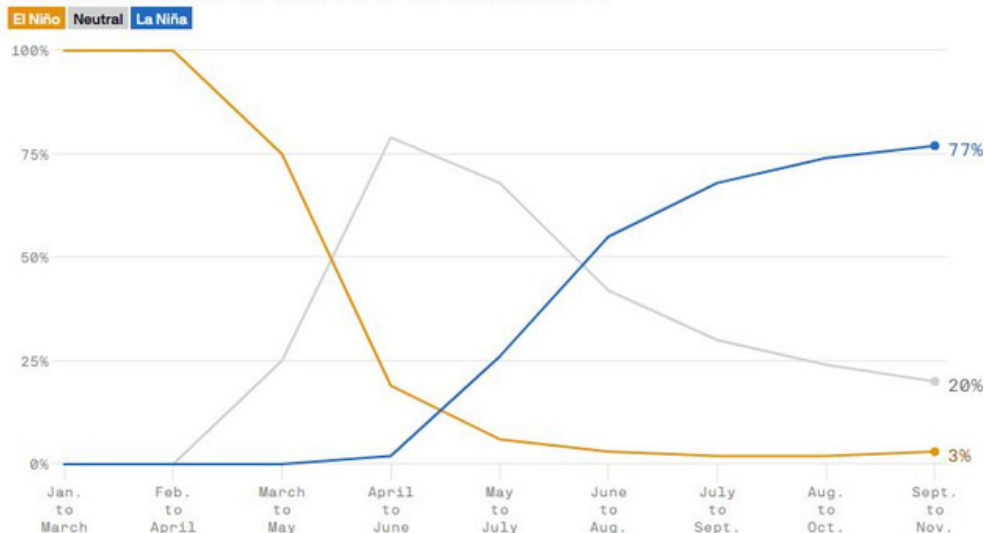


STOCKS

EL NIÑO OR LA NIÑA?

Probability of El Niño or La Niña

Rolling three-month averages; January to November 2024; Forecast as of February 2024



Data: NOAA; Chart: Erin Davis/Axios Visuals

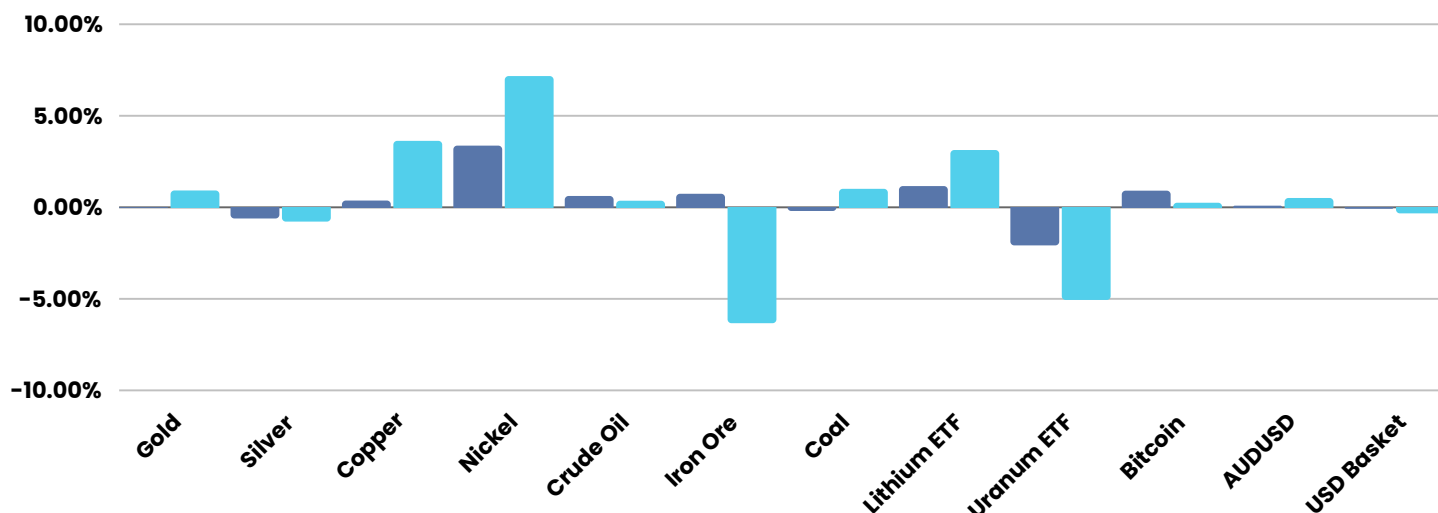
The National Oceanic and Atmospheric Administration (NOAA) has issued a La Niña watch as the strong El Niño begins to wane, signaling a potential shift towards cooler La Niña conditions in the tropical equatorial Pacific Ocean, which could significantly impact global weather patterns. According to NOAA's forecasts, the chance of transitioning to ENSO-neutral conditions (neither El Niño nor La Niña) stands at 79% by the April to June period, with a 55% chance of La Niña developing by the summer. By the fall, the probability of La Niña's presence increases to 77%. This anticipated shift could enhance hurricane formation by reducing wind shear and potentially exacerbate drought conditions in the southern United States. Moreover, while El Niño contributed to record global temperatures in 2023, the onset of La Niña could slightly cool global averages, though 2024 is still expected to be exceptionally warm.

Elders is an existing holding from last year that we trimmed for around \$9 while we waited for further confirmation of La Niña. Now that we have a high chance of this occurring, Elders outlook back in November was for dry conditions which has not occurred and will almost certainly be reversed in future company updates. The last occurrence of La Niña saw Elders reach a record peak around \$15, and while we don't see record highs in the near term, we feel the market is not pricing in the reversal of the weather conditions.



COMMODITIES & FX

■ Day ■ Week



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

Lithium - Lithium stabilized after a solid bull run in the previous week of around 30%. Our view is that the small pull back is healthy for a longer term move up.

Gold - Gold hit fresh record this week as rate cut talk pushed bond yields lower. While the rate cut talks are nothing new (in fact have been pushed further back) the market has latched onto rhetoric's this week and entrenched trends like gold and Tech stocks brushed aside all news that didn't suit the trend. Silver also had a solid week, approaching key resistance between \$24-\$25

Crude Oil - a quiet week in crude, however it maintained the current uptrend

Coal - Coal ground higher by about 5% over the week although there was little action in the coal stocks as they bounced around in the range

Uranium - Uranium spot prices have continued to drift lower to around \$92 although uranium stocks have bounced around 7% late in the week

Bitcoin - The bull market is well underway, but blockchain analysts say Bitcoin's price could still rise 4X from here. Until this week, Bitcoin had never broken the highs of a prior bull market top until several months after its one-in-four-year "halving" event.



ECONOMY & POLITICS

Another Year of Weak GDP Growth for AU

Powell still expects rate cuts in 2024

Federal Reserve Chairman Jerome Powell reassured that the US economy is not at immediate risk of recession and is on track for a "soft landing," balancing inflation reduction with economic growth. However, Powell remained non-committal on the timing for interest rate cuts, highlighting the Fed's cautious approach to ensure inflation targets are sustainably met without prematurely easing monetary policy. With investor expectations tilting towards a rate cut by June, Powell's stance underscores the Fed's delicate task of navigating between reining in inflation and supporting economic activity, all under the watchful eye of a politically sensitive environment.

Australia faces economic headwinds with growth slowing to 1.5%, prompting warnings of rising unemployment and potential budget deficits. Treasurer Jim Chalmers highlighted the impact of reduced tax revenue on government finances amidst calls for fiscal caution ahead of elections. The slowdown, with GDP growth at just 0.2% for the last quarter, stems from decreased household spending and a downturn in construction, though government spending has offset a deeper slump. Economists expect continued weak conditions but see potential for modest household sector relief later in the year due to lower inflation and tax cuts. However, concerns remain about a softer labor market and dwindling savings.

WHAT WE ARE READING



[S&P 500 closes at record as Nvidia leads bullish run in tech](#)



[Discounted small-cap stocks 'poised to outperform large-caps'](#)



[Ethereum Climbs 15% In Bullish Trade](#)

