



# BULLS vs BEARS

MPC Markets – Weekly edition

*FOUNDED BY INVESTORS, FOR INVESTORS*



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## MPC IN THE MEDIA

Mark Gardner and Daniel Ortisi from 'The Call' on MPC Markets focused on detailed analyses of specific stocks this week, covering sectors from telecommunications (Aussie Broadband) to finance (Macquarie Group) and tech (BetaShares NASDAQ 100). They also highlighted Netwealth (NWL) as the stock of the day, providing insights into its market performance and outlook.



## UPCOMING US EARNINGS SEASON

The upcoming US earnings season kicks off on April 12th, 2024, with major banks like JP Morgan, Citigroup, and Wells Fargo reporting their quarterly results. Analysts predict JP Morgan will show a slight increase in earnings per share (EPS) to \$4.18, supported by a 6% revenue rise from card growth. However, a decline in net interest margins and rising operating costs are concerns, alongside increasing provisions for cyclical reasons. Citigroup is expected to face challenges, with EPS projected to decrease by 32% to \$1.27. The bank's quarter was marked by restructuring costs, although net interest margins might show minimal decline. Citigroup's provisions for potential credit losses are also a key focus, expected to be around \$2.6 billion.



Wells Fargo is anticipated to report a drop in EPS to \$1.08, with a 3% decline in revenue influenced by weaknesses in retail banking and commercial real estate. The bank's exposure to commercial real estate and stagnant loan growth will likely impact its financial health, compounded by anticipated declines in mortgage income and tighter net interest margins.



# STOCKS

## HIGHLIGHTS OF THE WEEK

### **Boral Ltd (BLD)**

Billionaire Kerry Stokes' Seven Group is set to acquire full ownership of Boral with the backing of Boral's independent directors, following a revised \$1.9 billion offer enhanced by dividends. The deal includes a fully franked 26¢ dividend from Boral and a special 30¢ dividend from Seven, boosting shareholder incentive to accept. Boral, under the guidance of Ryan Stokes, has shifted focus to the Australian market, divesting from North America and forecasting increased earnings. The offer, deemed final and best, has moved closer to completion as Seven's stake in Boral reaches 78.8%, with conditions for further payment enhancements upon reaching an 80% acceptance threshold.

### **Netwealth Group Ltd (NWL)**

Despite a strong financial report for the March quarter, Netwealth Group Limited saw its shares drop 5%. The company reported a 28.5% increase in funds under administration (FUA), reaching AU\$84.7 billion, but faced a decline in share price due to lower "average revenue basis points" from tiered administration fees and a decreased cash percentage. Netwealth recorded a record AU\$21.2 billion in FUA inflows, a 40.7% increase year-over-year, and added 5,132 new accounts. Despite these robust figures, the company's outlook remains optimistic, expecting strong inflow activity in the next quarter. However, analysts maintain a Hold rating with a potential downside in share price.

### **Vulcan Energy Resources Ltd (VUL)**

Vulcan saw its share price surge by approximately 25%, reflecting a year-to-date gain of 26% after announcing the commencement of lithium chloride production at its Lithium Extraction Optimisation Plant in Landau, Germany. This marks a significant milestone, following over three years and 10,000 hours of piloting, with the plant demonstrating up to 95% lithium extraction efficiency. Vulcan is poised to produce Europe's first fully integrated lithium battery chemicals, aiming for commercial production of 24,000 tonnes per annum of lithium hydroxide. The project, backed by potential financing from significant European institutions, is estimated to cost €1,399 million.

### **Winsome Resources Ltd (WRI)**

Winsome Resources Limited has reported uncovering a new high-grade lithium area 200 meters southwest of the current Adina Lithium Resource, highlighted by promising drill findings such as 61.5 meters at 1.62% Li<sub>2</sub>O. This discovery opens possibilities for expanding the Adina deposit, with additional drilling outcomes expected soon. Alongside, efforts to update the Mineral Resource Estimate for Adina are moving forward. These updates will refine project studies and explore the potential for incorporating the Renard processing facilities into lithium production.



# MPC WEBINAR SERIES

## FORTHNIGHTLY DEEP DIVE

Over the next 6 weeks, the MPC team will be releasing a series of webinars on a range of topics. Starting this week with Jonathan and Mark guiding you through the store of value trade. Covering Gold, Silver, Crypto and Real Assets



### Store of Value Trade – Available on Demand

Explore leveraging gold, silver, and crypto with Mark and Jonathan in a webinar on strategic assets amid Central Banks' increasing money supply. Learn about their value, market timing, risk management, and strategies to safeguard investments in today's economy.



### The Energy Transition – Available on Demand

Learn about smart investing in renewable energy with expert Mark Gardner. Explore new energy sources like solar and wind, their impact, and how to navigate investments wisely. Get tips to avoid mistakes and safeguard your investments for a sustainable future.



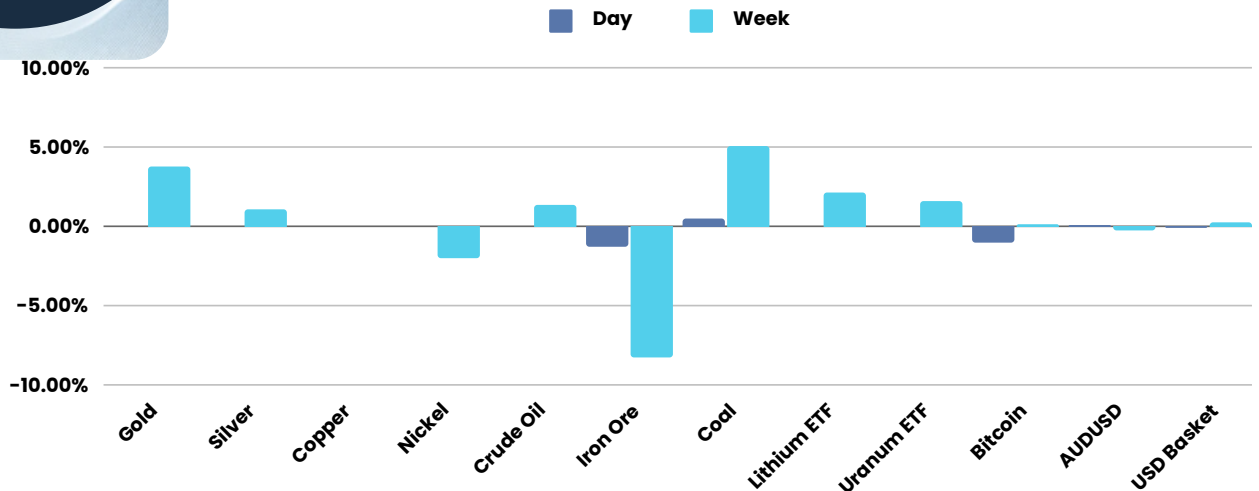
### Exploring AI Investments – Tuesday 16th of April

Dive into AI investing essentials in our upcoming webinar. Learn to make informed decisions, understand the AI boom, and prepare for future changes. Gain insights, practical tips, and discover actionable AI stock investments to potentially transform your portfolio.

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# COMMODITIES & FX



**Lithium** - Lithium drifted lower in an soft week

**Gold** - Gold continues to make record highs, trading as high as \$2376

**Silver** - Silver remains strong and made another new high this week, trading as high as \$28.50

**Copper** - flat for the week

**Crude Oil** - Mostly sideways this week but continues to trade around the \$86 a barrel level

**Iron ore** - yet again had a horrible week, although it wasn't a huge surprise with most analysts bewildered by the levitation act prices have performed despite a weakening

**Uranium** - Uranium spot prices have continued to hover around \$88. More action in individual stocks, some making new highs

**Bitcoin** - Continues to hold the \$70k level but still not able to make a new high yet



# ECONOMY & POLITICS

## US CPI

In March, U.S. consumer prices increased by 3.5% year-over-year, exceeding expectations and signaling an acceleration in inflation, primarily driven by rising shelter and energy costs. The Consumer Price Index (CPI) saw a monthly rise of 0.4%, putting the annual rate at 3.5%, slightly above the anticipated figures. Core CPI, which excludes volatile food and energy prices, also rose by 0.4% on a monthly basis and 3.8% annually. Following the report, the anticipated timeline for Federal Reserve rate cuts was pushed back, with markets now expecting the first reduction in September instead of June. This persistent inflation, especially in shelter and energy, challenges the Federal Reserve's earlier predictions that inflation would decrease sufficiently to permit rate cuts later this year.

## US PPI

In March, the Producer Price Index (PPI) in the U.S. rose by 0.2%, which was below the anticipated 0.3%. This increase was also smaller compared to the 0.6% rise in February, indicating a potential easing of inflation pressures at the wholesale level. However, the annual increase of 2.1% in the PPI marks the highest gain since April 2023, suggesting underlying inflationary pressures remain. Core PPI, excluding food and energy, matched expectations with a 0.2% rise. Despite these figures, market reactions were subdued, with little impact on stock futures or Treasury yields. This PPI data follows a report showing a higher-than-expected consumer price increase in March, complicating the Federal Reserve's path to potential interest rate reductions later in the year.

## WHAT WE ARE READING



[Iran aims to contain fallout in Israel response](#)



[How institutional investors can gain a performance edge](#)



[Yen crumbles under towering dollar and US Treasury yields](#)



# TRADE OF THE WEEK

## Electro Optic Systems Holdings Ltd (EOS)

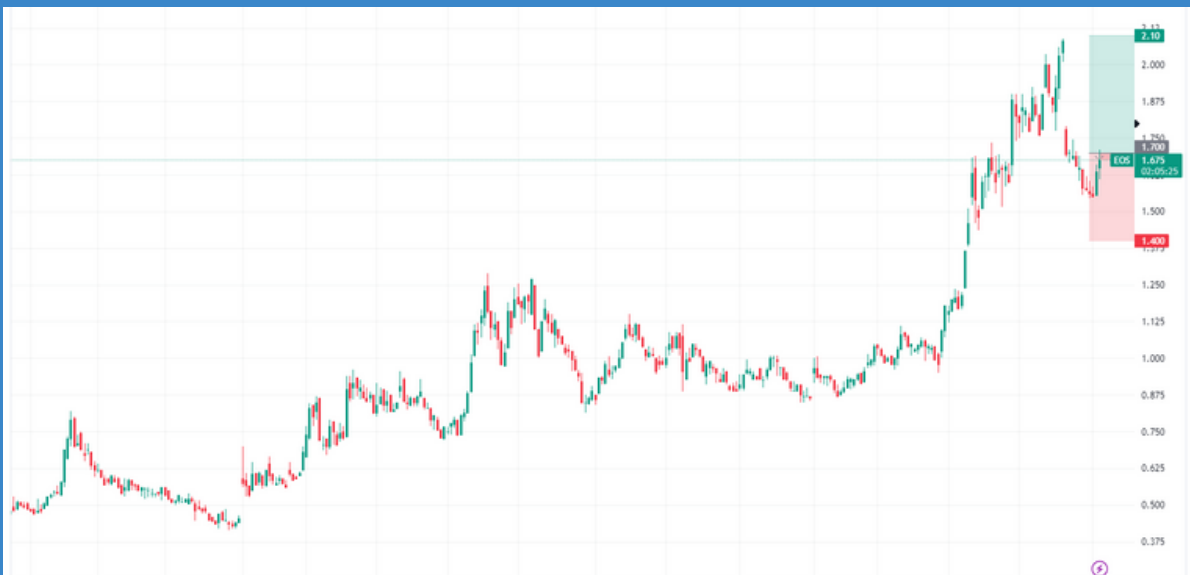
### Alpha Recommendation

Entry Price: \$1.74

Stop: \$1.4

Target: \$2.1

EOS's record revenue of \$219.3 million, along with its successful A\$35 million institutional placement, underscores its robust financial health and growth trajectory. The company's strategic focus on expanding its defense technology portfolio, especially in counter-drone and space warfare, aligns well with the current increase in global defense spending amid geopolitical tensions. This, combined with EOS's European market expansion and the broad sector momentum, presents a compelling buy opportunity. The set entry price reflects a potential base forming, with the target price capturing expected upward movement. A stop loss at \$1.4 offers risk management below recent lows, with advice to adjust stops as EOS trends higher.



### **Webinar: Exploring AI Investment Landscape**

*Dive into AI investing essentials in our upcoming webinar. Learn to make informed decisions, understand the AI boom, and prepare for future changes. Gain insights, practical tips, and discover actionable AI stock investments to potentially transform your portfolio.*

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