



BULLS vs BEARS

MPC Markets – Weekly edition

FOUNDED BY INVESTORS, FOR INVESTORS



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MPC IN THE MEDIA

This week we released an article on Livewire **“3 reasons why we are on the cusp of a commodity super-cycle”**

in the article we discuss the effects of urbanisation, the energy transition and the burgeoning US debt as factors for a return to real assets and how to play the cycle

MPC Markets was also named in **“Livewires Top Stock Picks of Q1”**

taking out #1 and #5 top picks



STOCKS SAIL HIGHER ON RATE CUT OPTIMISM

The investor sentiment pattern, in the US equity market in particular, is of extreme selective hearing with any weakness in the economy cheered because it will trigger rate cuts, while any strength in the economy is cheered as “proof” of a soft landing.

Fed speakers also help support the market as San Francisco Federal Reserve President Mary Daly said “There is “considerable” uncertainty about where U.S. inflation will head in coming months” while adding she still has faith that price pressures are continuing to ease.



The reality is that buying broader equity market at current levels may be correct, however the risk/reward is stacked heavily to the downside



STOCKS

HIGHLIGHTS OF THE WEEK

Commonwealth Bank (CBA)

CBA's March quarter profit has slipped 3 per cent versus the first half of financial 2024 to \$2.4 billion. The result is down 5 per cent on the prior comparable March quarter. It said home loan lending volumes grew 3.1 per cent in the March quarter on an annualised basis, versus the December quarter. Doubtful debts extended a gradual rise over the past 12 months as it recorded loan impairment expenses of \$191 million in for the quarter on a total provision coverage ratio of 1.66 per cent. It said operating expenses grew 2 per cent with operating profit slipping 1 per cent. Operating expenses in the first half of financial 2024 were \$3.06 billion.

Westpac (WBC)

Westpac has announced a \$1 billion share buyback and special dividend. Chief executive Peter King said in statement to the ASX that Westpac's balance sheet was in "good shape" and supported a special dividend of 15c per share fully franked and an increase in the buyback program of \$1 billion to \$2.5 billion. The interim dividend is 75c per share fully franked, up 7 per cent on the 2023 interim dividend.

JB Hi-Fi (JBH)

JB Hi-Fi – There's a little more evidence of a slowdown in the consumer sector after retail darling JB Hi-Fi posted Australian same store sales down 0.3 per cent in the March quarter, versus the prior comparable quarter. Over the nine months to March 31 Australian JB Hi-Fi sales are flat, with The Good Guy sales down 7.3 per cent.

Orica (ORI)

Orica says lower costs are helping its bottom line, with the world's largest commercial explosives manufacturer reporting a better-than-expected 10 per cent rise in earnings. The company told investors that the lower costs had cushioned a revenue decline of 8.5 per cent in the six months to March 31, reporting earnings before interest and tax of \$353 million, 7 per cent above market expectations.



US EARNINGS



Berkshire Hathaway – Warren Buffett's investment fund reported quarterly results over the weekend that included a 40% jump in Q1 operating earnings from a year earlier. The legendary investor increased levels of cash to record high of \$189B, sold a 13% stake in Apple which he described as profit taking and showed a shift to short term bonds (2-5 years) and diversifying geographically. This was the first result since Vice-Chairman Charlie Munger died in November 2023

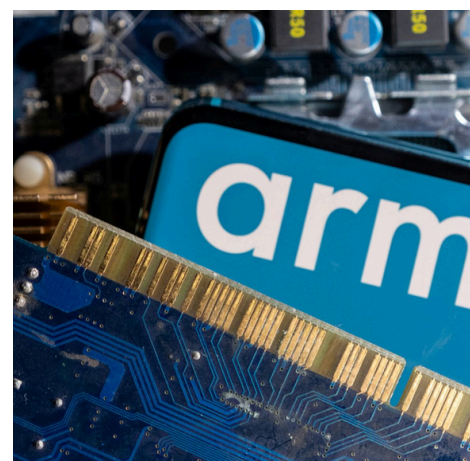
Walt Disney – fell 10% despite beating earnings expectations as the entertainment giant's Disney+ subscriber growth fell just short of estimates and warned about a slowdown in its theme parks division, a key growth engine. Insider selling from 2 senior executives at the company late in the week also sucked confidence from investors with many analysts considering such selling as red-flag for future prospects



Uber – posted a surprise quarterly loss and forecast gross bookings below Wall Street expectations, sending its shares down 9% and putting the ride-share and food delivery company on course to shed more than \$10 billion in market value. They also missed expectations for gross bookings, a key metric that indicates the total dollar value of transactions on the platform

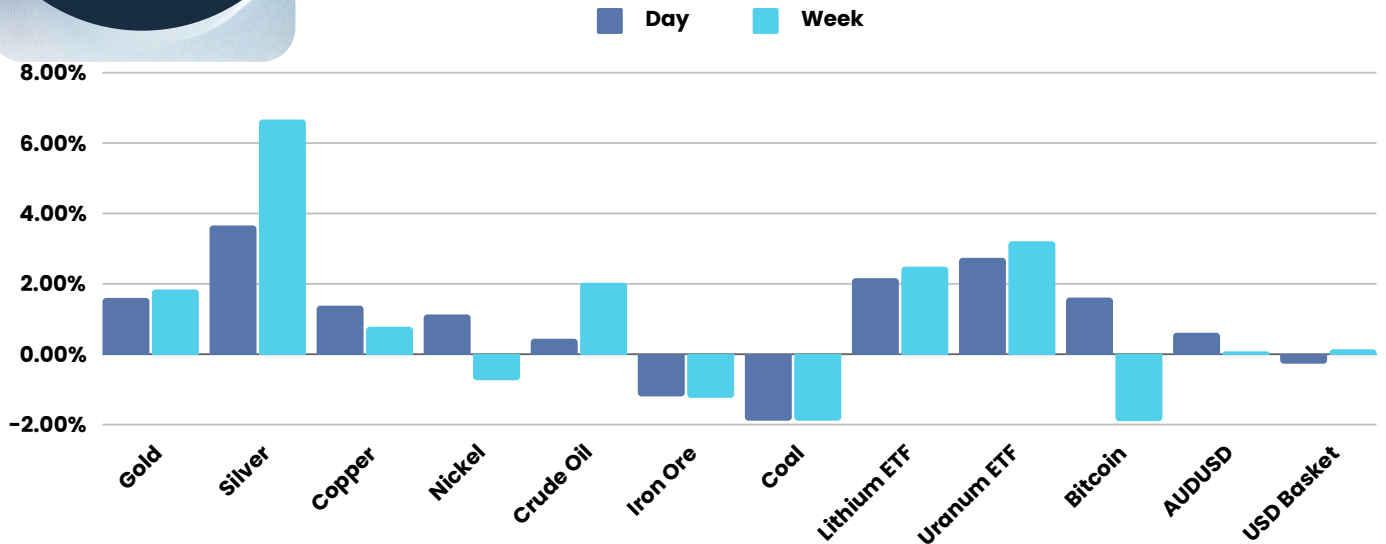
ARM holdings – the chip designer delivered annual revenue guidance that fell short of estimates despite a wave of enterprise spending on artificial intelligence. The SoftBank-backed company forecast revenue of between \$3.8 billion and \$4.1B, or \$3.95B at the midpoint, just shy of expectations for \$4.01B.

But the firm, which licenses chip designs to manufacturers who then pay them royalties for each semiconductor unit shipped, reported fourth-quarter adjusted earnings per share (EPS) of \$0.36 on revenue of \$928 million.





COMMODITIES & FX



Gold - Gold was hovering around the \$2300 level for most of the week till it jumped to \$2350 on the back of lower bond yields and increased expectation of rate cuts

Silver - Silver is the strongest of the metals trio, bouncing earlier in the week from low \$26s to over \$28 on the back of rate cut expectations

Copper - Copper remains well bid and seems to be consolidating around \$4.60. Every dip is very shallow so it looks like it is ready to continue its run higher soon

Lithium - Spot lithium has declined this week, so most lithium miners have been trading sideways. LTR has surprised with a decent bounce.

Crude Oil - Crude was weaker earlier in the week trading as low as \$76 but has recently bounced to \$79

Iron ore - Iron slightly weaker this week in a small range

Uranium - Spot uranium has bounced to \$93. Most of the action has been in stocks. Some of the more loved names are at new all time highs

Bitcoin - BTC bulls are still waiting for this halvening rally to eventuate as it continues to hover around \$62k



ECONOMY & POLITICS

RBA Meeting

Reserve Bank of Australia (RBA) Governor Michele Bullock and the RBA Board have maintained the interest rate at 4.35%. Despite this, Governor Bullock noted that future rate hikes remain a possibility, emphasizing that the fight against inflation continues. The RBA is closely monitoring global and domestic economic conditions, particularly trends in domestic demand and inflation. Recent economic indicators have shown significant declines in retail spending and unexpected inflation rises, prompting ongoing vigilance. Although the central bank aims to avoid further rate increases, Bullock acknowledged the current financial strain on households and the broader economy. The RBA remains committed to achieving its inflation targets while being prepared to adjust policy in response to evolving economic conditions.

US China Tarriffs

U.S. President Joe Biden is poised to announce new tariffs targeting strategic sectors in China as early as next week. While details are limited, the focus will be on areas crucial for competitive and national security interests. Sectors likely to be affected include electric vehicles, batteries, and solar equipment. This move, which maintains most existing levies, aims to differentiate Biden's trade policies from those of Donald Trump, who has advocated for broader tariffs. The announcement, however, may be delayed. These tariffs, part of Biden's broader trade strategy, also come after initiatives like increasing tariffs on Chinese metals and pressuring Mexico to block indirect Chinese metal sales to the U.S. The new tariffs could lead to retaliatory actions from China amid already tense relations.

WHAT WE ARE READING



[Is aluminum a real threat to copper?](#)



[Bitcoin price today: Slips to \\$62k as rates, regulatory fears spur consolidation](#)



[Joe Biden says US won't supply weapons for Israel to attack Rafah](#)



TRADE OF THE WEEK

Elevate (EL8)

Alpha Recommendation

Entry Price: \$0.54

Target Price: \$0.70

Stop Loss: \$0.40 (10% trailing stop)

The buy recommendation for Elevate Uranium Ltd (EL8) hinges on its strategic enhancements and favorable shifts in the uranium market. Significant updates to the Koppies project in Namibia, including a 20% increase in uranium resources and shallow mineralization, suggest cost-effective mining possibilities. Elevate's proprietary U-pgrade™ process further aims to lower both operational and capital expenses, enhancing profitability. Additionally, the U.S. ban on Russian uranium imports has reshaped market dynamics, boosting demand for uranium from stable regions like Namibia. This geopolitical shift has spurred a bullish sentiment across the sector, as evidenced by rising stock values of peers such as Paladin and Boss Energy. These market conditions, combined with positive trends in similar companies, solidify the investment case for Elevate Uranium.

