



BULLS vs BEARS

MPC Markets – Weekly edition

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MPC IN THE MEDIA

Jonathan made his debut on The Call this week on Ausbiz TV, joining Jun Bei Liu to analyse 10 stocks.

The stocks stretched across a number of sectors with Judo Holdings in the banks, Whitehaven Coal in Energy, Lovisa in retail, Nine Entertainment in media and Plumbing supplies manufacturer, Reliance Worldwide in the Industrials.

[Click here to watch the episode](#)



COPPERTUNITY KNOCKS

Copper – Copper shot up to record highs this week to \$5.13lb, breaking \$5 for the first time as the evidence of the looming supply gap piles up. The latest leg is also benefiting from current and future demand for data centers and electricity in general.

In addition, China's economy is improving and it's responsible for about 50% of global copper demand.

Goldman Sachs revised their supply deficit expectations to the current quarter, moving the timeline up by 3–6 months describing the price where copper sits as "the foothills of what will be its Everest" and with the break to \$5, clearing the 2022 highs, the argument is compelling.

Ultimately though, it will come down to supply and demand. For the bulls, the most powerful



indicator is the investment pipeline. It takes 10–15 years to develop a greenfield copper mine so there is very little that can be done if prices skyrocket, aside from additional recycling.



STOCKS

HIGHLIGHTS OF THE WEEK

Incitec Pivot (IPL)

Incitec Pivot has blamed uncertainty over the price of gas as the key reason for wiping off almost a third of the value – some \$498 million – of its fertiliser business.

That drove Incitec Pivot, the ASX-listed fertiliser and explosives giant, to a loss of \$148 million for the six months ended March 31 from a profit of \$353 million a year ago. IPL remains optimistic on selling the fertilizer business and its partnership with Fortescue on the Gibson Island Hydrogen project as the Federal Government announced a \$2kg subsidy for Green Hydrogen in the budget this week

Aristocrat (ALL)

Aristocrat reported a 6.1% increase in revenue to \$3,269.6 million and a 16.8% jump in net profit after tax to \$723.3 million. This was significantly better than the market was expecting, which explains why its shares are rallying so strongly today. Another positive was that the company boosted its dividend and announced an additional \$350 million share buyback.

The company revealed growth was underpinned by the Aristocrat Gaming division, with a strong performance in North America, reflecting an expansion of the installed base and game portfolio performance. It also pointed to strong sales in the 'rest of the world', and encouraging growth at Aristocrat Interactive.

GrainCorp (GNC)

GrainCorp Chief Executive Robert Spurway says a focus on the "basics" of the business enabled them to stabilise operations after a tumultuous three years. The company serves as one of Australia's biggest producers of wheat and oil seed processors. Underlying net profit for the half year is \$57 million, down from \$200 million last year.

Revenue also fell 25 percent to \$3.38 billion. "At GrainCorp we've built a really strong balance sheet," Mr Spurway told Sky News Australia Business Editor Ross Greenwood.

"We've done that by really focusing on the basics of the business, making sure our costs are under control, making sure we are delivering the services that customers at the grower end, what our farmers expect from us. "That way we've been able to meet the demand, have good planning systems and keep the system growing whether the times are challenging or not."



US EARNINGS



Walmart – robust performance in the first quarter of fiscal year 2025, surpassing its sales growth guidance and achieving a significant rise in adjusted operating profit. The retail giant reported a 5.7% increase in sales growth and a 12.9% boost in adjusted operating profit, both calculated in constant currency. These strong results are attributed to growth across all operating segments and a notable rise in e-commerce sales.

Walmart's outlook for the second quarter remains positive, with anticipated sales growth between 3.5% and 4.5% and operating income growth expected to align with these figures. The company also plans to update its full-year guidance at the end of the second quarter.

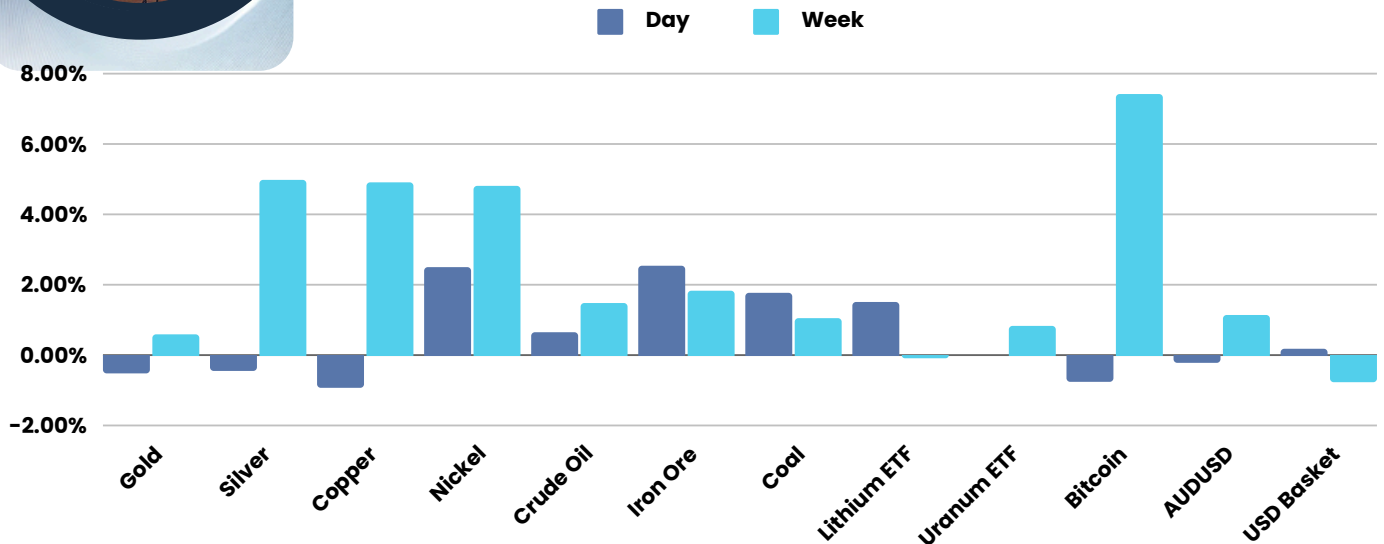
Cisco Systems – an upbeat fourth-quarter forecast signaled further stabilization in networking equipment demand and benefits from its \$28 billion deal for cybersecurity firm Splunk. The world's largest networking equipment maker had struggled with sluggish demand as customers adjusted piled up inventory from frenetic buying during the pandemic, as well as lingering supply-chain snags. The company is expected to benefit from the billions of dollars U.S. technology giants such as Microsoft and Meta are spending on data centers to support chatbots like ChatGPT, which need heavy computing power. Cisco reiterated a target of \$1 billion worth of AI product orders in fiscal 2025.



Deere & Co – the agricultural equipment manufacturer trimmed its guidance for the future. \$DE now forecasts its net income to print at about \$7.0 billion. Deere is lowering its profit outlook for the year and guiding for deeper sales declines across two of its three main business segments, citing shaky demand for agricultural and turf products. CEO John May says the company is managing production and inventory levels to adapt to demand changes, but adds that its construction end markets are stable.



COMMODITIES & FX



Gold - Gold surged to just under 2400 on the back of lower bond yields and increased expectation of rate cuts after US inflation data. Report of China's Central Bank converting their USD holdings to gold has also supported the store of value

Silver - Silver and copper were the stars this week with Silver pushing \$30 and out performing Gold by 3x on the recent rally. We expect silver to continue this run as bond yields lose steam

Copper - Copper shot up to record highs this week to \$5.13/lb, breaking \$5 for the first time as the evidence of the looming supply gap piles up. Goldman Sachs revised their supply deficit expectations to the current quarter, moving the timeline up by 3-6 months

Lithium - Lithium stocks benefited from the federal budget tax credit scheme for refining, despite a move lower in spot prices. Increasingly the market is waking up to the Chinese using GFEX futures as a price fixing mechanism and ignoring movements in the contract.

Crude Oil - Crude prices grinded higher on rate cut optimism may stoke demand. We don't expect this to be a major catalyst long term as it would require softening in economic numbers, a negative for oil demand

Iron ore - another sideways week for Iron Ore, finishing slightly up in a narrow range

Uranium - Spot uranium drifted off to \$91 in an uneventful week in uranium. Most stocks were largely flat or down small

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



ECONOMY & POLITICS

US Inflation

US consumer prices increased less than expected in April, suggesting that inflation resumed its downward trend at the start of the second quarter in a boost to financial market expectations for a September interest rate cut.

The consumer price index rose 0.3% last month after advancing 0.4% in March and February, the Labor Department's Bureau of Labor Statistics (BLS) said on Wednesday. In the 12 months through April, the CPI increased 3.4% after climbing 3.5% in March. Economists polled by Reuters had forecast the CPI gaining 0.4% on the month and advancing 3.4% year-on-year.

The annual increase in consumer prices has dropped from a peak of 9.1% in June 2022, though progress has stalled. Inflation accelerated in the first quarter amid strong domestic demand after moderating for much of last year.

\$1B weapons aid for Israel under review

The U.S. State Department has moved a \$1 billion package of weapons aid for Israel into the congressional review process, two U.S. officials said on Tuesday.

The latest weapons package includes tank rounds, mortars and armored tactical vehicles, one of the officials told Reuters. The chairmen and ranking members of the Senate Foreign Relations and the House Foreign Affairs committees review major foreign weapons deals.

President Joe Biden said last week he had delayed a shipment of 2,000-pound (907-kg) bombs and 1,700 500-pound bombs to Israel over concerns they might be used for a major invasion of Rafah, a town in southern Gaza.

Biden's support for Israel in its war against Hamas has emerged as a political liability for the president, particularly among young Democrats, as he runs for re-election this year.

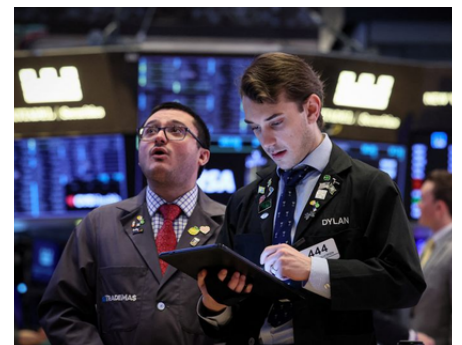
WHAT WE ARE READING



[Buffett rebalances amid bull market: Here are the top buys from his portfolio now](#)



[Central Banks are exiting U.S. bonds and moving into gold](#)



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



TRADE OF THE WEEK

Copper Warrants (ZHGTKOB)

Alpha Recommendation

Entry price: \$2.42 (\$4.785 spot)

Target Price: \$2.75 (\$5.00 spot)

Stop Loss: \$2.15 (\$4.55 spot)

Copper has been trending higher since March and is now trading near record highs. There has been lots of talk about copper shortages recently and with the time it takes to bring on new supply, expect this shortage and the trend higher in prices to continue. The high price for copper was just over \$5 in early 2022, so looking for this level as the first price target. Look to start with a half position with the view to add to the position if the position trades positively

