



BULLS vs BEARS

MPC Markets – Weekly edition

FOUNDED BY INVESTORS, FOR INVESTORS



Now comes as a podcast!



MPC IN THE MEDIA

Mark joined Kochie and Daniel Ortisi on Thursday for The Call On Ausbiz TV

It was an interesting stock list requested by the viewers with Challenger, ALS (ALQ) and Viva energy all on our watchlist for potential future buys

MPC holding NuFarm was stock of the day, with Mark giving it a buy rating due to the improved agricultural outlook

[Click here to watch the episode](#)



THREE REASONS BHP IS UNDERVALUED (NONE ARE IRON ORE)

MPC Markets debuted on the highly regarded financial website, [FNArena.com](#) this week with Mark Gardner writing how he thinks the market is undervaluing BHP's future strategy

Over the last decade, BHP Group has been planning for a future beyond iron ore, and that future is rapidly unfolding, driven by the things we will need most: energy and food.

One of the largest demographic shifts in human history is already in motion, moving from rural to urban environments. This means two things: we are going to need more energy, and we will need to increase agricultural productivity. BHP recognizes this.

In recent years, BHP has focused on developing energy transition minerals like copper and uranium, while also advancing its first major potash project, all three addressing these needs. **[Click here to read more](#)**





STOCKS

HIGHLIGHTS OF THE WEEK

Elders (ELD)

Elders reported a 19 per cent drop in revenue to about \$1.3 billion. The underlying profit slipped 72 per cent, and the company's statutory profit was down 76 per cent to \$11.6 million. Elders cut its dividends to 18 cents per share, down from 23 cents in the prior period.

Despite the result, the Agribusiness leader rallied over the week, as analysts focused on expectations of better trading conditions in the second half of this year after a tough six months due to challenging weather, cautious client sentiment, lower fertiliser prices and falling livestock prices.

Webjet (WEB) Webjet share price jumped 10% as its key financial metrics at its WebBeds hotel distribution solutions businesses well ahead of FY 2023. That includes TTV for the full year of \$4.0 billion. Booking volumes at WebBeds were up 26% year on year. That drove a 39% increase in EBITDA to \$162 million, with an EBITDA margin of 49.5%.

And Webjet OTA, the company's online travel agency, reported an ongoing material increase in international market share. That saw this segment deliver a 25% year on year increase in EBITDA of \$54 million, with the EBITDA margin at a record 44.7%.

Across the businesses, Webjet generated \$116 million of cash over the year. The company held \$630 million in cash as at 31 March.

Eagers Automotive (APE)

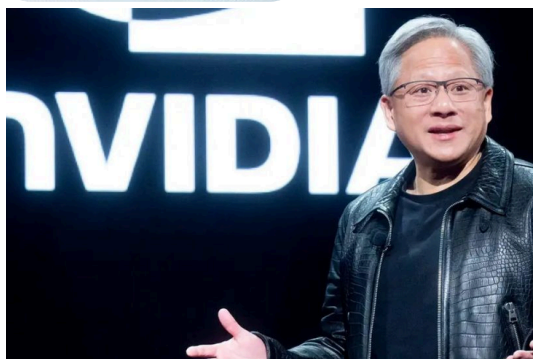
Eagers Automotive's share price has declined by 14% to \$10.51 following an update at the auto retailer's annual general meeting on Wednesday. The company stated that, considering current market conditions and business dynamics, along with cautious consumer sentiment, it anticipates an underlying trading performance for H1 2024 to be approximately 85% of the underlying profit before tax achieved in H1 2023.

NuFarm (NUF)

Nufarm Limited's HY24 results reflect mixed performance amid challenging market conditions. Revenue decreased by 10% to \$1,758 million, underlying EBITDA fell 31% to \$217 million, and statutory NPAT dropped 67% to \$49 million. The dividend per share decreased to 4.0 cents. In the Crop Protection segment, revenue declined by 13% to \$1,502 million, while Seed Technologies' revenue increased by 11% to \$256 million. Nufarm reduced inventory by 20% YoY and maintains a strong balance sheet. FY24 underlying EBITDA is expected between \$350 million and \$390 million, with strong second-half growth anticipated.



US EARNINGS



Nvidia – reported upbeat guidance for the current quarter as first-quarter results topped Wall Street estimates, driven by robust AI-led demand in data center business and the chipmaker also announced a 10:1 forward stock split. The beat was driven by a 427% jump in data center revenue \$22.56B in Q1 from a year earlier, beating analyst estimates of \$21.32B, underpinned by AI-led demand for hardware to train various AI apps including large learning models.

These jump in data center growth "reflect higher shipments of the NVIDIA Hopper GPU computing platform used for training and inferencing with large language models, recommendation engines, and generative AI applications," the company said. Looking ahead to fiscal Q2, the company forecasts revenue of \$28B, give or take 2%, that was above estimates for \$26.54B. Adjusted gross margin was expected to come in at 75.5% for Q2.

Lowe's – Americas "Bunnings" reported first-quarter sales of \$21.4 billion, a decrease of 4.1% in comparable sales from the previous year, amidst a challenging market environment. Despite the downturn, the company has made strategic moves to capture early spring customers and grow its market share in key categories. The introduction of the Mylowe's Rewards program and partnerships for same-day delivery are among the initiatives aimed at boosting customer engagement and sales.



WHAT WE ARE READING



[JPMorgan's model suggests S&P 500 crash to 4320 if macro volatility remains high](#)



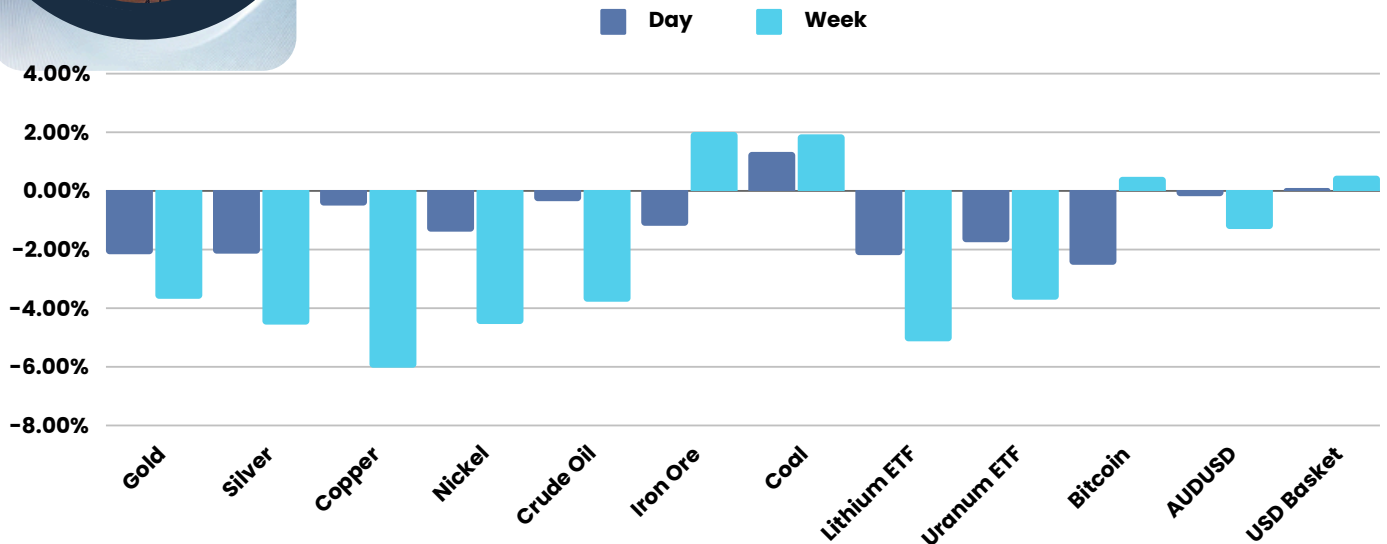
[China holds military drills around Taiwan as 'strong punishment'](#)



[China Sells Record Sum of US Debt Amid Signs of Diversification](#)



COMMODITIES & FX



Gold: Gold prices peaked early in the week before heading lower due to rising bond yields in the US. We are of the view the pullback is healthy for the long term trend and a likely buying opportunity

Silver: Silver prices were similar to gold, just falling faster. We are of the view the pullback is healthy for the long term trend and a likely buying opportunity

Copper: Copper prices dipped as slower economic growth in China and global demand concerns weighed on the market. However, the long-term outlook remains positive

Lithium: Lithium prices held steady with a slight upward trend, supported by strong demand from the electric vehicle sector and potential supply constraints, as battery production continues to expand.

Crude Oil: Crude oil prices declined due to rising U.S. Treasury yields and potential global supply increases. Economic slowdown concerns and geopolitical tensions added to volatility

Iron Ore: Iron ore prices remained resilient, bolstered by steady demand from Chinese steel production and infrastructure projects. Supply disruptions from key exporting countries provided additional price support.

Uranium: Uranium prices saw a minor increase, while Uranium stocks plummeted with “hot money” coming out of the commodities and energy trade.

Bitcoin: In a rare moment, Ethereum stole the limelight from BTC, rallying 20% on news an ETF is close to approval



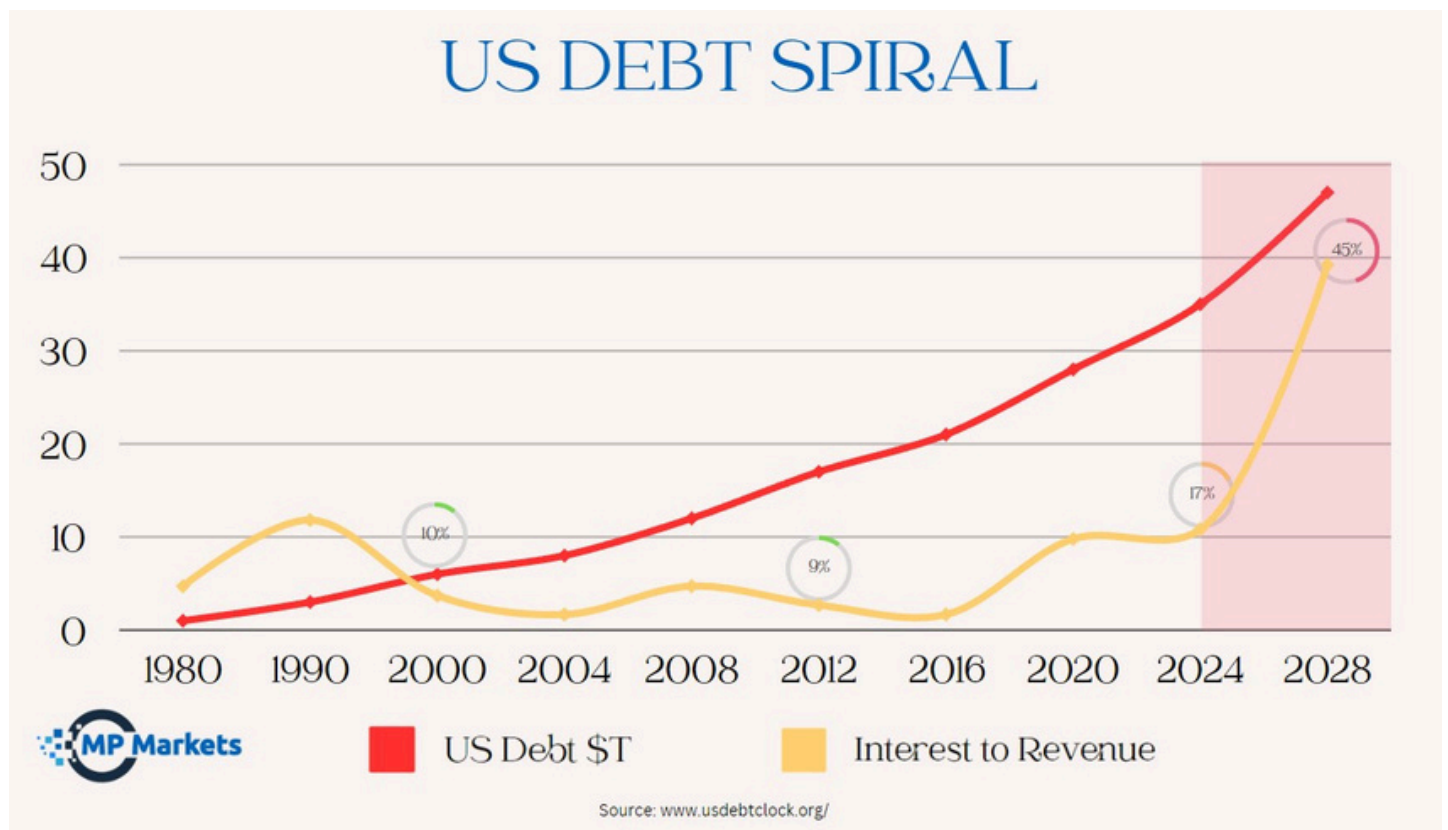
ECONOMY & POLITICS

Consequences of the Spiraling US Debt

The spiraling U.S. debt poses substantial economic and financial risks that warrant close scrutiny from economic analysts and policymakers. Elevated debt levels can lead to increased borrowing costs as investors demand higher yields on government bonds to compensate for perceived risks. Consequently, the cost of servicing the debt rises, diverting funds from critical public services and investments. Over time, this excessive debt can undermine economic growth, reduce the government's fiscal flexibility, and heighten the risk of a fiscal crisis.

When a significant portion of tax revenue is directed toward debt service, the government's ability to fund essential services and invest in growth-promoting activities is severely constrained. This fiscal strain can lead to a deterioration in public services and infrastructure, as well as a diminished capacity to respond to economic downturns. Furthermore, a high debt service burden increases the risk of default, as a large share of revenue is already committed to interest payments, leaving less flexibility to address other financial obligations or unexpected expenses.

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TRADE OF THE WEEK

Physical Silver ETF

Balanced Portfolio

Entry price: \$33.20

Target Price: \$50

Adding to holding at \$40.50 (\$29 in Silver price)

The silver price is poised to rise due to several converging factors. First, increasing industrial demand, particularly from the renewable energy and technology sectors, will drive up consumption. Second, inflationary pressures and a weakening U.S. dollar make precious metals more attractive as a hedge. Third, geopolitical uncertainties and economic instability enhance silver's appeal as a safe-haven asset. Additionally, supply constraints from major mining regions could exacerbate the imbalance between demand and availability. As global economies transition towards greener technologies and investors seek stability amidst market volatility, silver's dual role as an industrial and precious metal positions it for significant appreciation.

