



BULLS vs BEARS

MPC Markets – Weekly edition

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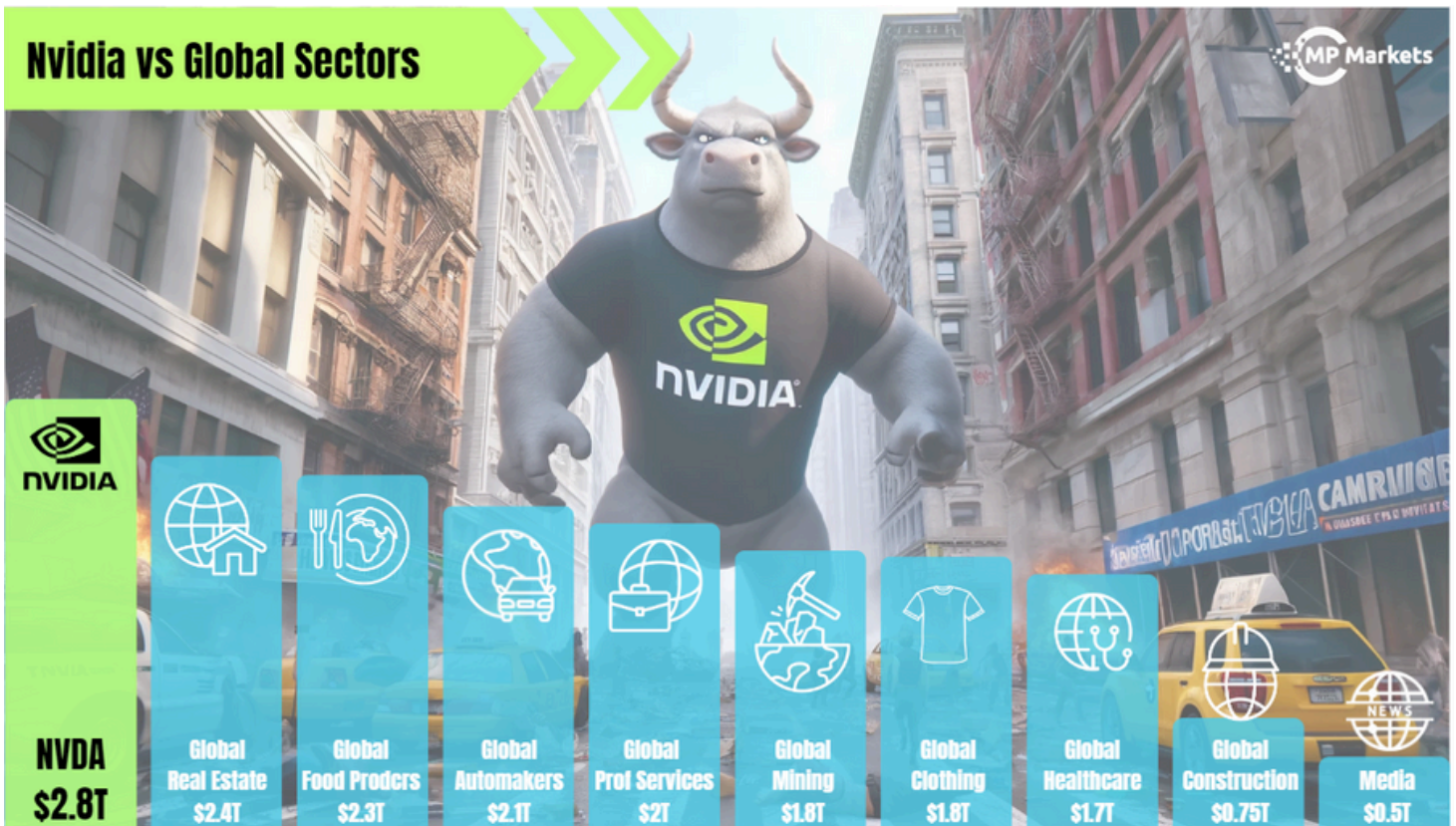
MPC IN THE MEDIA

Jonathan was on Ausbiz for The Open on Monday. Jonathan reaffirmed MPC's preferred exposure to commodities. Main data point to watch out for the week was the CPI. This print came in higher than expected and was the cause of the weak performance of the ASX this week

[Click here to watch the episode](#)



Nvidia vs Global Sectors



The tech giant's market value surpassing \$2.8 trillion this week, **To put that in perspective, we compare Nvidia to Global sectors in market capitalisation**



STOCKS

HIGHLIGHTS OF THE WEEK

Lendlease (LLC)

Earlier this week, Lendlease Group announced a strategic shift, focusing on Australian development while divesting numerous international projects. Following the announcement, Lendlease's share price rose 9% but remains nearly 70% below its five-year high, currently trading at \$6.10 with a market capitalisation of \$4.5 billion, down from \$11 billion in 2001. The newly established Capital Release Unit aims to recycle \$4.5 billion of capital, with \$2.8 billion expected by the end of FY25. Additionally, a \$500 million share buyback from sale proceeds was announced, receiving mixed responses from brokers.

Peter Warren (PWR)

Peter Warren Automotive, the ASX's second-largest car dealership group, has cautioned that full-year profit may fall 20% short of investor expectations due to declining margins in a slowing economy. The company, operating from 80 locations across eastern states and selling 30 brands, including Toyota, Mercedes-Benz, Volkswagen, and Mazda, saw its shares plummet 11% to \$1.90 in early trading. This drop marks the lowest point since its April 2021 IPO.

Catapult Group (CAT)

Melbourne-based sports technology firm Catapult Group International achieved over US\$100 million (\$152 million) in annual revenue for the first time, with robust free cash flow growth leading to an underlying profit of US\$9.37 million in FY24. CEO Will Lopes highlighted a "historic year" driven by new signings in soccer and baseball across South America, Europe, and Asia. The company's SaaS solutions propelled revenue past US\$100 million, with ACV contributing US\$86.8 million, up 20% year-on-year. Catapult also saw a significant profit margin increase, achieving a 43% retention rate per revenue dollar and boosting free cash flow to US\$4.6 million.

BHP Group (BHP)

BHP Group has abandoned its \$74 billion takeover bid for Anglo American, following Anglo's refusal to extend the deadline further. After a six-week pursuit, Anglo granted BHP a one-week extension until Wednesday, beyond the original May 22 deadline, but rejected a third takeover proposal as impractical. BHP stated, "We believed our proposal for Anglo American offered a compelling opportunity to enhance value for both sets of shareholders. However, we could not reach an agreement with Anglo American on our views regarding South African regulatory risk and cost." This decision marks the end of the current takeover attempt.



US EARNINGS

Optimism vs Reality hits home in AI



Salesforce— Salesforce forecast second-quarter profit and revenue below Wall Street estimates on Wednesday due to weak client spending on its cloud and enterprise business products, sending its shares down more than 16% after the bell. It expects revenue between \$9.20 billion and \$9.25 billion compared with estimates of \$9.37 billion, according to LSEG data. Salesforce (NYSE:CRM)'s forecast pointed to clients scaling back spending as the possibility of higher-for-longer interest rates and elevated inflation prompt them to keep costs under control.

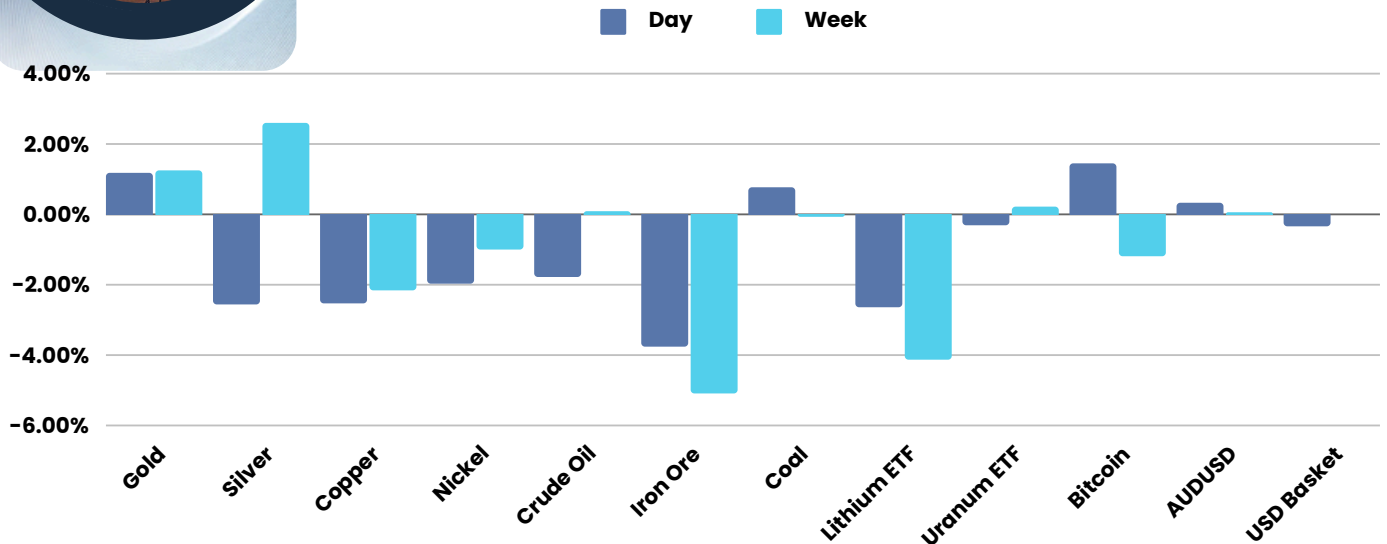
Dell – beat Wall Street estimates for first-quarter revenue on Thursday, ending a streak of six-quarters of decline, but its results fail to impress investors, sending its shares down more than 13% in extended trading. The results come days after Dell unveiled a range of AI-enabled PCs powered by Qualcomm processors and said that a new server, which supports Nvidia latest chips, will be available from the second half of 2024. Fueled by optimism about demand for its AI-optimized servers, Dell's stock has more than doubled this year and hit a record high earlier this week.



Costco – Costco reported strong quarterly results as consumers seek affordable prices for everyday essentials. Net sales reached \$58.52 billion, surpassing estimates of \$57.98 billion, while adjusted earnings of \$3.78 beat expectations of \$3.70. CEO Ron Vachris, noted success in consumables, with same-store sales excluding fuel up 6.5%, driven by international business (8.5%), Canada (7.4%), and the US (6%). As inflation moderates, consumers are returning to discretionary items. Foot traffic increased year-over-year, outpacing Sam's Club and BJ's Wholesale Club. Vachris stated Costco won't need extensive price cuts to remain competitive.



COMMODITIES & FX



Gold: Tight range for Gold for the week as it ranged between \$2330 and \$2360. It doesn't seem to be moving due to Bond yields like last week, so probably on hold till the next catalyst develops

Silver: Silver was the strongest early this week as it bounced from last weeks lows to test recent highs around \$32. It has failed to continue to break out but still looks very strong and constructive

Copper: Copper prices continued lower this week as it looks like the hot money has been flushed out. At these levels most of the miners are still printing cash, so that is the area to look for value. Copper deficit narrative still in play though

Lithium: Lithium prices mainly range bound this week. Miners have been sold off though as the recent bounce has faded.

Crude Oil: Crude oil was stronger earlier in the week as it tested \$80 a barrell level. It has since fallen back into the recent range and just under \$78 a barrel

Iron Ore: Iron ore drifted lower after the recent bounce the previous weeks. Still around the elevated levels since China stimulus was released.

Uranium: Spot uranium prices steady. Stocks though saw some profit taking from the rally of the last weeks

Bitcoin: BTC and ETH still unable to make new highs despite lots of activity in the smaller end of the market



ECONOMY & POLITICS

Taiwan Strait Tensions & Trump Guilty

China-Taiwan tensions

China is trying to "nibble away" at Taiwan's space and create a new normal with its military drills and other moves to exert pressure, which is a matter for global concern, Taiwanese Foreign Minister Lin Chia-lung said on Thursday. China, which views democratically-governed Taiwan as its own territory, staged two days of war games around the island last week following shortly after the inauguration of new Taiwan President Lai Ching-te, who Beijing calls a "separatist". While those drills have formally ended, China's military activities have not, with Taiwan reporting that on Wednesday Chinese warplanes and warships carried out a "joint combat readiness patrol". Taiwan faces a huge amount of obstruction in its attempts to take part in international organisations, like a major World Health Organisation meeting this week which it has been unable to take part in, the minister added.

Former US president Trump found guilty in 'hush money' trial

In a historic verdict, the jury in former President Donald Trump's "hush money" trial in New York has found him guilty on all charges. This unprecedented ruling marks the first time a former US president has been convicted of a crime.

The jury, consisting of 12 New Yorkers, determined that Trump had broken the law by falsifying business records to conceal a \$130,000 payment made to adult film actress Stormy Daniels prior to the 2016 election. The jury found him guilty on all 34 counts he was facing. The verdict was delivered in a Manhattan courtroom where Trump has been standing trial for the past six weeks. This conviction makes the former president, who is the presumptive Republican nominee, a convicted felon.

Despite these accusations, Trump has consistently denied any sexual involvement with Daniels and pleaded not guilty.

WHAT WE ARE READING



[US 'deeply concerned' over China military drills in Taiwan Strait](#)



[Copper Industry Sees Surge in Demand and Prices](#)



[Inside America's Credit Card Debt Crisis -- and What We Do Next](#)



TRADE OF THE WEEK

Short S&P500 Warrant (SPFKOW)

Alpha Recommendation

Entry price: \$4.90 (5264 spot)

Target Price: \$7.35 (5100 spot, +50%)

Stop Loss: \$3.20 (5375 spot, -35%). Use a 20% trailing stop on position

Rationale: S&P500 has been in a strong uptrend since October 2023. There was a pullback in mid April but that dip was bought and the SNP500 has rallied to new highs. Bond yields though have started to weigh in this bullish narrative and with high inflation prints seen in a number of developed economies, its hard to see the SNP being able to push onto new highs from these elevated levels. So looking to place a short on the SNP500 here using warrants. Position will hit stop loss if SNP500 does make new highs. Leverage is high on warrants (94%) so size risk accordingly. Target level on the trade is 5100 and even if SNP500 does fall to that level the current uptrend is still in tact. Technically the SNP500 has been short term negative and the MACD has just crossed over to the downside

