



# BULLS vs BEARS

MPC Markets – Weekly edition

*FOUNDED BY INVESTORS, FOR INVESTORS*



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## MPC IN THE MEDIA

Jonathan joined Nadine Blayney and Juliette Saly for the COB on Wednesday leading into the all important Fed meeting and CPI numbers.

Jonathan (rightly) predicted these important events would do little to derail the rally in the US which has been fuelled by the tech and AI thematics for quite some time

[Click here to hear Jonathans thoughts](#)



## THE MEGA-CAPS HAVE NEVER BEEN SO MEGA

The S&P 500, a benchmark index representing 500 of the largest publicly traded companies in the United States, has seen an unprecedented concentration of market value in its top five constituents. As of mid-2024, the five largest stocks in the S&P 500—Apple, Microsoft, Amazon, Alphabet (Google's parent company), and Nvidia—comprise the largest share of the total index in its history. This concentration of market capitalization has significant implications for investors and the broader market.

The combined market value of these five tech giants now exceeds 25% of the total market capitalization of the S&P 500. This is a stark departure from historical norms, where the top five stocks typically represented a much smaller percentage of the index. While the growth of these tech giants has fueled impressive returns, it also highlights the risks associated with heavy reliance on a handful of stocks and the importance of picking your sectors carefully





# STOCKS

## HIGHLIGHTS OF THE WEEK

### **Sigma (SIG)**

Sigma Healthcare slumped this week on news that the ACCC has raised doubts over the company's proposed merger with Chemist Warehouse. The ACCC stated: "We have identified a range of preliminary competition concerns, including at the retail level and as a result of the proposed integration of the merged firm across the wholesale and retail level. We want to hear from interested parties, including rival pharmacies as we continue this review."

### **ASX (ASX)**

The ASX plummeted over 8% this week as investors have been hit the sell button after the stock exchange operator held its investor forum. At the event, the company provided the market with guidance for cost growth in FY 2025 in the wake of the CHES registry upgrade disaster which saw the ASX blow \$100m and abandon the 8 year project. It is expecting its total expense growth rate to be between 6% and 9% for the year. This is on top of its expected increase of 15% in FY 2024. Management advised that next year's expense growth rate is primarily being driven by ongoing technology related investment. This includes software licensing, equipment costs, and depreciation and amortisation.

### **Telix Pharmaceuticals (TLX)**

The developer of cancer treatments intended to raise \$US200 million (\$300 million) and list on the Nasdaq later this year as it searches for deeper capital markets to fund its product development. However, this morning the company said that, given the proposed Nasdaq listing was not predicated on the need to raise capital, Telix's management had decided not to move forward with listing "The company did not feel that the proposed discounts were aligned with its duty to its existing shareholders." Managing director and group CEO Christian Behrenbruch said the move was not the company's desired outcome. "Telix's strategic objectives must align with our duty to existing shareholders. I'd like to thank my team for the personal commitment and incredibly long hours put into this IPO process."

### **Bapcor (BAP)**

Private equity firm Bain Capital has offered to buy embattled Auto-retailer, Bapcor in a A\$1.83 billion (\$1.21 billion) deal, which analysts said could draw attention of more suitors to the struggling auto parts retailer. Bapcor said on Tuesday its shareholders would receive A\$5.4 in cash per share under the terms of the non-binding indicative proposal, representing a premium of 23.9% to the stock's last close of A\$4.36 on June 7.



# STOCK NEWS

## AI momentum seemingly unstoppable



**Broadcomm** – rallied 15% as the company raised its annual revenue forecast for AI-related chips by 10%, predicting \$11 billion in 2024, up from \$10 billion. Following this announcement, Broadcom's shares surged 12% in extended trading. The company, based in Palo Alto, California, has benefited significantly from the AI boom, with \$3.1 billion in AI product revenue in Q2 alone. To capitalize on its stock rally, Broadcom will execute a 10-for-1 stock split, starting July 15, to attract retail investors. Broadcom's advanced networking chips, crucial for AI applications like OpenAI's

ChatGPT, are in high demand. The company's custom chips are also attracting orders from major cloud providers, aiming to diversify from Nvidia's expensive processors, with speculated clients including Google and Meta. In Q2, revenue from Broadcom's semiconductor solutions segment grew 6% to \$7.20 billion.

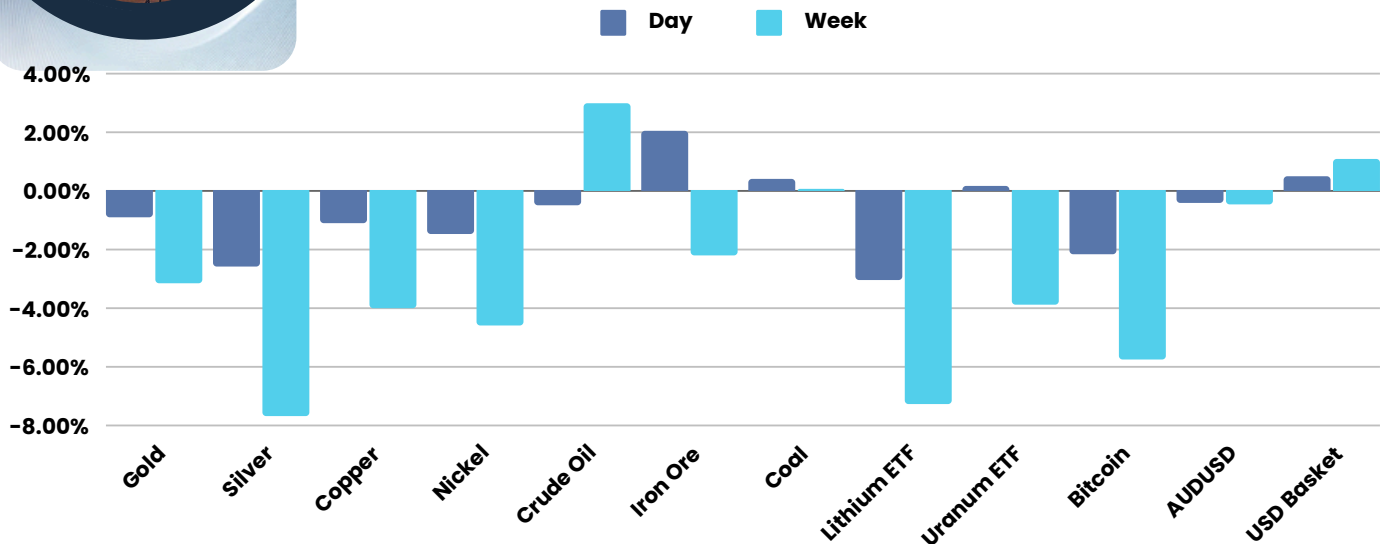
**Apple** – shares surged over 7% to a record high on Tuesday, nearing Microsoft's valuation and almost reclaiming its position as the world's most valuable company. This jump followed Apple's unveiling of new AI features designed to boost iPhone demand. Despite trailing the S&P 500 in 2024 due to declining iPhone sales and concerns about lagging in AI technology, Apple ended the day at \$207.15, marking a 7.3% increase. With a market capitalization of \$3.18 trillion, Apple is just behind Microsoft at \$3.22 trillion and slightly ahead of Nvidia at \$2.97 trillion. The three companies are in a



close race for the top spot. Microsoft recently surpassed Apple in January, and Nvidia briefly did so last week. During its annual developer event on Monday, Apple introduced an enhanced Siri virtual assistant capable of handling more complex tasks and new AI features across its apps. These features will be included in the latest operating systems for iPhones, iPads, and Mac computers. This announcement led at least 13 analysts to raise their price targets for Apple's shares, with some suggesting the new features could drive a surge in purchases ahead of the anticipated new iPhone line in autumn.



# COMMODITIES & FX



**Gold:** The surge in the USD after the Fed signalled there would be only one rate cut this year hurt precious metals like gold and silver this week. Adding to this, a report that China bought no gold in May spooked investors into profit taking

**Silver:** Silver was very volatile this week with very little fundamental news. USD strength weighted down precious metals triggering some profit taking from speculators

**Copper:** Copper prices continued to fall away from the recent record highs in a market that had little news or catalysts.

**Lithium:** Lithium stocks took an absolute beating this week with many of the big names on the ASX falling 25%+ in the last few weeks. The Global Lithium producers ETF traded a 52 week low on Thursday

**Crude Oil:** Crude oil bounced slightly after last weeks heavy sell off on comments from OPEC that oil demand weakness is overstated

**Iron Ore:** Iron ore prices hit fresh eight week lows on softening China steel demand. Iron ore stocks followed suit

**Uranium:** Spot uranium prices stabilized this week along with uranium stocks late in the week. Fresh broker upgrades for Paladin and Boss Energy on Friday helped support the sector

**Bitcoin:** BTC and ETH both fell away around 5% and currently sit on key support. A break of these levels is likely to see further downside





# ECONOMY & POLITICS

## No cuts from Fed, Macron fights the right

### Fed remains cautious of inflation but leaves the door open for 1 cut this year

The Federal Reserve held interest rates steady at 5.25% to 5.5%, indicating just one rate cut for 2024, revising earlier projections of three cuts. This hawkish stance reflects concerns over persistent inflation. The core personal consumption expenditures price index, the Fed's preferred inflation measure, is now forecasted at 2.8% in 2024 and 2.3% in 2025, both slightly higher than previous estimates. Economic growth forecasts remain unchanged, with GDP expected to grow by 2.1% this year and 2% next year. The unemployment rate forecast stays at 4% for 2023, rising to 4.2% in 2024. Fed Chairman Powell acknowledged cooler May inflation data but stressed the need for sustained trends before considering rate cuts, keeping the door open for adjustments based on future data.

### Macron calls snap election after crushing defeat in European vote

French President Emmanuel Macron defended his decision to call snap parliamentary elections following his party's defeat in the European parliamentary vote. He insists voters will favor the "progressive bloc" over the far-right. Macron, who will remain president until 2027, stated he would not step down. The early elections, scheduled for June 30 and July 7, reflect his "confidence" in the French people. He called on moderate politicians to join his centrist alliance against the far-right. Macron expressed optimism, saying, "I think the French are intelligent...and they know what to do." This marks his first news conference since dissolving the National Assembly after Marine Le Pen's far-right National Rally party triumphed in the European Parliament vote.

## WHAT WE ARE READING



[Why did Macron announce snap elections after EU Parliament poll defeat?](#)



[Fed recap: Chair Powell explains why the central bank isn't ready yet to cut rates](#)



[Tesla shareholders approve CEO Elon Musk's \\$45bn pay package](#)



# TRADE OF THE WEEK

## Boss Energy (BOE)

### Alpha Recommendation

Entry price: \$4.24

Target Price: T1 \$5 T2 \$6

Stop Loss: \$3.80

#### Rationale:

Spot uranium prices have been weaker in the last few weeks coupled with some insider selling from management of Boss energy has led to a heavy sell off in the stock of 35%

Uranium prices have now stabilized and technical signals in BOE are turning.

Boss announced this morning first production at Alta Mesa which the company has a 30% stake

