



BULLS vs BEARS

MPC Markets – Weekly edition

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MPC IN THE MEDIA

Mark joined Kochie and Josh Barker from RiverX for the Call. It was a pretty diverse stock list with healthcare superstar, Clarity Pharma, Copper explorer, Firefinch and Aussiebroad the most interesting and compelling stocks to invest in

This years biggest IPO, Guzman y Gomez was stock of the day, debuting with a 3.3B market cap

[Watch the episode](#)

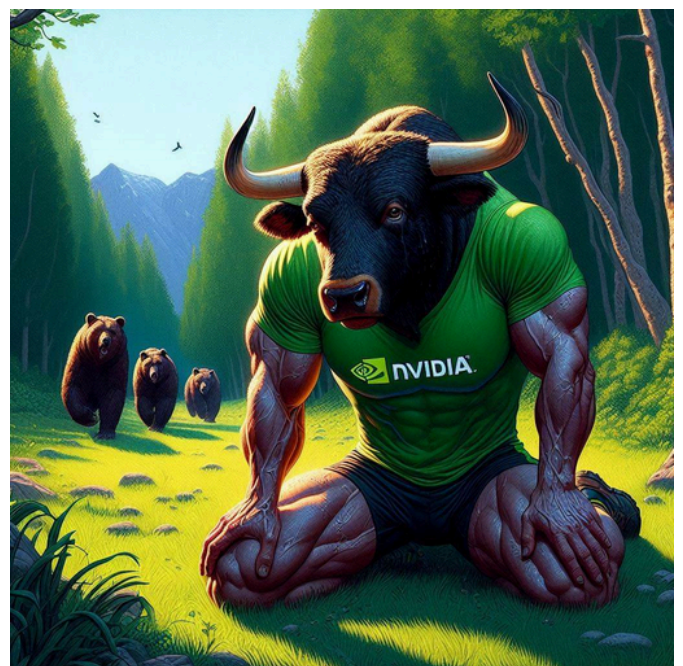


BUSINESS LEADERS GROWING SCEPTICAL OF RETURNS ON AI

A recent survey by Lucidworks reveals that the enthusiasm for AI investments has waned due to poor returns, high costs, and security concerns. While 63% of global companies plan to increase AI spending in the next year, this is a drop from 93% in 2023. Many organizations struggle to move beyond pilot stages, with only 25% of planned investments completed. AI project costs have surged, and issues with accuracy and data security remain significant challenges. Despite this, governance and cost reduction initiatives show some success, especially in simpler applications like FAQ generation and HR support.

This will make the upcoming quarterly earnings interesting as Apple, Microsoft and Nvidia hit record valuations

[Read more here.](#)





STOCKS

HIGHLIGHTS OF THE WEEK

Dexus (DXS) Dexus announced that 170 of its 1,761 assets, including 30 office and 140 industrial properties, have been externally valued as of 30 June 2024. The draft valuations indicate an estimated decrease of approximately \$1.3 billion, or 9.0%, in book values for the stabilized portfolio and development assets over the past six months. The office portfolio saw a decline of about 11.3%, influenced by increased capitalisation and discount rates, despite market rental growth. Conversely, the industrial portfolio experienced a slight decrease of around 1.2%, with robust rental growth nearly offsetting the impact of higher capitalisation and discount rates.

Guz Gomez (GYG) Guzman y Gomez shares soared 36% to \$30 on their first trading day, marking the most significant local float in three years and sparking optimism among bankers, brokers, and fund managers for a revival in the listings market. The Mexican-themed restaurant's market capitalization reached \$3 billion by day's end, up from the initial \$2.2 billion valuation offered to investors. The \$8 rise above the offer price significantly increased the wealth of founder Steven Marks, a former Wall Street hedge fund trader, along with the company's long-term shareholders.

Tabcorp (TAH) Former AFL CEO Gillon McLachlan has been appointed CEO of Tabcorp, owner of TAB and Sky Racing. McLachlan, 51, who led the AFL from 2014 to 2023, will start on August 5, pending regulatory approval, with a base salary of \$1.5 million plus potential bonuses. He withdrew from the Racing Victoria chairman race last week. McLachlan succeeds Adam Rytenskild, who resigned in March amid allegations of inappropriate language. Tabcorp Executive Chairman Bruce Akhurst praised McLachlan as a leading CEO with a growth mindset, emphasizing his expertise in sport, racing, wagering, and media rights deals, foreseeing significant growth for Tabcorp.

Uranium Stocks Opposition leader Peter Dutton announced seven sites for nuclear reactors, outlining a controversial policy aimed at commencing operations by the 2030s. The chosen locations are former or current coal plants, selected for their transmission infrastructure, cooling water capacity, and skilled workforce. The plan involves two phases: two establishment projects in the mid-2030s, followed by further construction through 2050. Most sites will host larger reactors, while South Australia and Western Australia will feature small modular reactors. The proposed sites include Liddell and Mount Piper in New South Wales, Loy Yang in Victoria, Tarong and Callide in Queensland, Northern in South Australia, and Muja in Western Australia.



STOCK NEWS

Historical Heavyweights

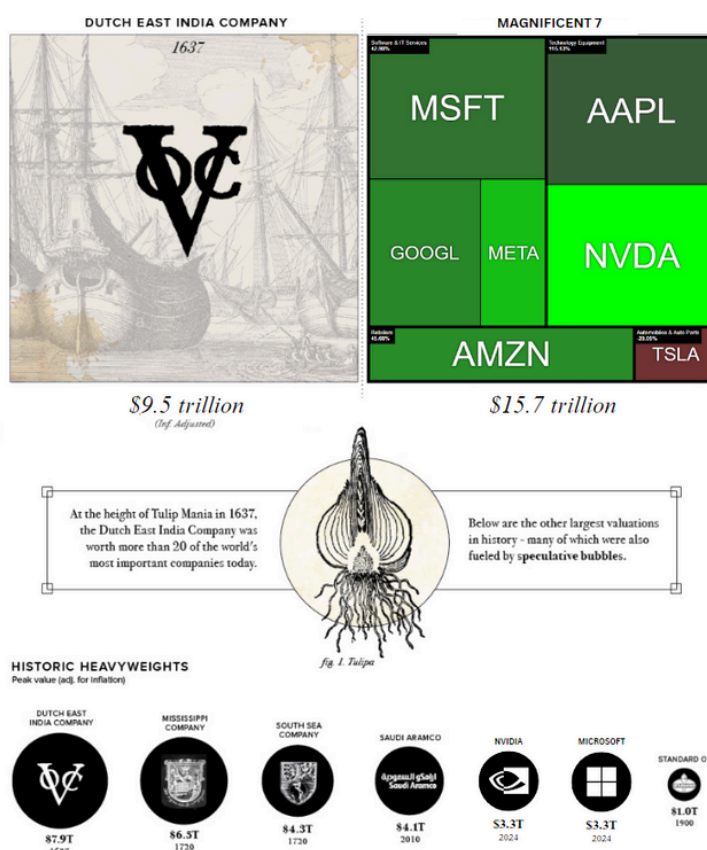
Throughout history, the largest companies have reflected the economic and geopolitical dynamics of their times, achieving remarkable valuations that capture their immense influence and market dominance. Analyzing the infographic provides insight into how these corporate giants have evolved over centuries, adjusting for inflation to compare their peak values.

In 1637, at the height of Tulip Mania, the Dutch East India Company (VOC) was the world's largest and most influential company. Its peak value, adjusted for inflation, reached a staggering \$9.5 trillion. The VOC was pivotal in global trade, wielding enormous power through its control of spice trade routes and colonial territories. It exemplified the mercantilist economic principles of the era, where state-backed enterprises dominated international commerce.

The early 18th century saw the rise of the Mississippi Company and the South Sea Company, which experienced massive speculative bubbles. The Mississippi Company's value peaked at \$6.5 trillion in 1720, driven by speculative investments in French colonial enterprises in North America. Similarly, the South Sea Company reached \$4.3 trillion in the same year, fueled by speculative frenzy over its trade monopoly in South America. Both bubbles burst, resulting in financial crises that underscored the dangers of speculative investments.

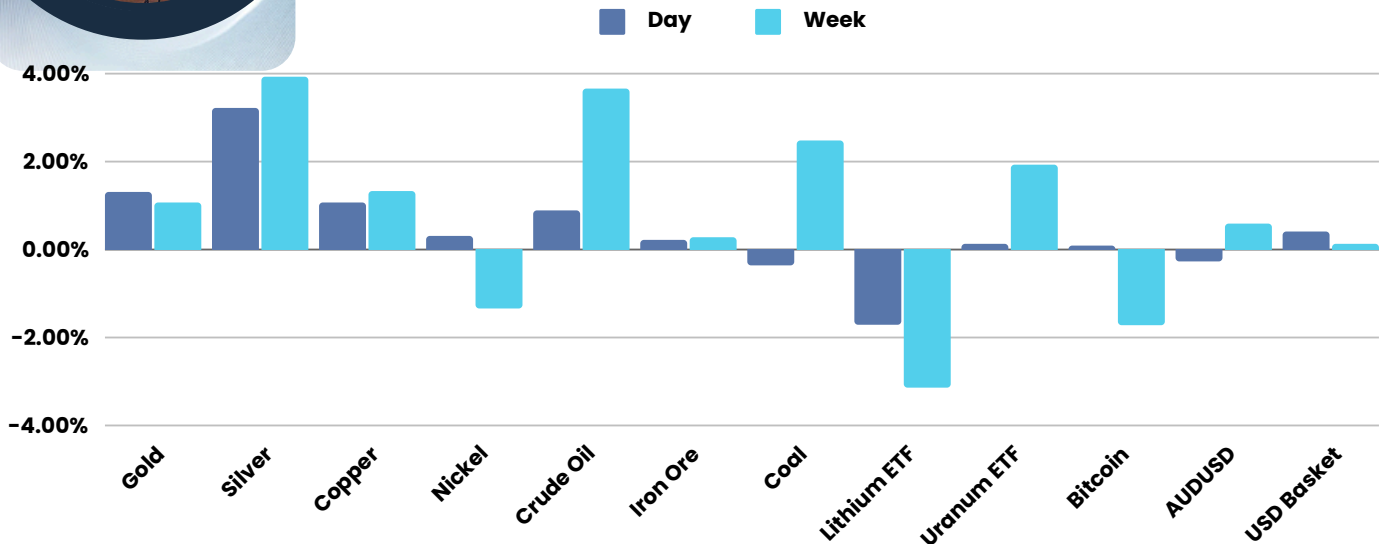
In the modern era, companies like Saudi Aramco have reached monumental valuations. In 2010, Saudi Aramco's peak value was \$4.1 trillion, reflecting the immense wealth generated from its oil reserves.

Today, the "Magnificent Seven" tech giants, collectively valued at \$15.7 trillion, represent the pinnacle of corporate power in the 21st century. Their dominance in technology and innovation highlights the shift towards a digital economy. Nvidia and Microsoft, with valuations of \$3.2 trillion and \$3.3 trillion respectively in 2024, exemplify this trend, leveraging advancements in AI, cloud computing, and semiconductors.





COMMODITIES & FX



Gold: Gold continues to be stable as it keeps finding support around \$2300. There has been a bounce in the last day though and is now trading \$2360, this could be the start of the next leg higher but it is still early days

Silver: Silver was the standout performer this week as it bounced nicely from the weeks lows and trading just under \$31. A few more days above these levels could bring in the momentum traders and possible move to the highs

Copper: Copper prices looks to have found a low around the \$4.40 level and looks like its trying to rally from these lows.

Lithium: Lithium stocks continued to tumble this week. This selling has been broad based as lithium stocks all over the world continue to be offered

Crude Oil: Crude broke out over \$80 this week which was resistance since May. Its now trading near \$82. Year high is \$87 which is the next target should this move continue

Iron Ore: Iron ore prices continued lower this week on the current narrative of softening China steel demand. Iron ore stocks followed suit

Uranium: Australian uranium stocks popped on news Dutton supports a local Nuclear industry.

Bitcoin: Vaneyk ETF started trading this week, giving Aussies more options to get exposure to BTC, despite that BTC and ETH both slightly weaker for the week



ECONOMY & POLITICS

No cuts from Fed, Macron fights the right

RBA leave rates on Hold

At its June meeting, the Reserve Bank of Australia (RBA) did not consider a rate cut but did deliberate a hike, emphasizing the narrow path to a soft landing for the economy. Governor Michele Bullock noted the increasing difficulty of this path amid persistent inflation. The unemployment rate stands at 4%, with job creation continuing, yet Q1 GDP growth was just 0.1%, signaling potential recession risks. Inflation remains above the target, and labor productivity is stagnant, although wage inflation is moderating. Retail sales grew only 0.1% in May, highlighting the impact of interest rate hikes on consumer spending. The RBA remains vigilant about inflation risks, underscoring the need for potential future rate adjustments to manage economic stability.

Putin and Kim it's an alliance

Russian President Vladimir Putin and North Korean leader Kim Jong-un showcased their close relationship. This carefully staged event marked Putin's first visit to North Korea in nearly 25 years. The two leaders signed a significant agreement, reviving a mutual defense pledge from a 1961 treaty, ensuring immediate military assistance if either faces armed aggression. This "comprehensive strategic partnership" aims to bolster defense capabilities and maintain regional peace. The agreement also includes cooperation on nuclear energy, space exploration, and food and energy security. Kim declared the pact as the "strongest ever treaty" between the nations, aligning them closely amid international isolation and growing concerns from the U.S. and its allies about military cooperation.

WHAT WE ARE READING



[Guzman y Gomez share price surges 36% in ASX debut](#)



[Yellen says Biden's China tariffs are strategic, Trump's would raise costs](#)



[Biden allies raising \\$10 million to challenge Trump social media machine](#)



TRADE OF THE WEEK

Physical Silver ETF (ETPMAG)

Balanced Portfolio Recommendation

Trade Date: 19/06/2024

Entry price: \$41.25

Target Price: \$65

Stop Loss: 15% Trailing Stop

Rationale: Precious metals are experiencing strong performance, driven by a weakening US Dollar Index (DXY), with gold notably surging to new highs. Our preferred play within precious metals is silver, due to its dual role as both a precious and industrial metal. We recommend adding 3.75% silver exposure through ETPMAG, a physical silver ETF, to mitigate risks associated with mining companies and gain direct exposure to silver prices.

Silver's recent pullback to favorable technical levels presents a prime buying opportunity. With U.S. government debt skyrocketing to \$35 trillion, growing by \$1 trillion every 100 days, investors are increasingly wary of potential USD devaluation. Notably, the Chinese central bank has reduced its US Treasury holdings by 35% this year, converting USD to gold at a record pace. This trend could lead to US credit rating downgrades and further devalue the USD, driving investors towards traditional stores of value like gold and silver.

