



BULLS vs BEARS

MPC Markets – Weekly edition

FOUNDED BY INVESTORS, FOR INVESTORS



Now comes as a podcast!



MPC IN THE MEDIA

A busy week for the MPC team this week with Mark and Jonathan very active on Ausbiz for the Call. In total, the team covered over 33 stocks, across all the ASX sectors, ranging from the big blue chip stocks all the way down to a \$17m education company. Having to cover such a diverse basket of stocks over the week was an eye-opening exercise as we had to tap every part of the teams skill-set and experience to bring measured analysis for the viewers.

There were some rocks, there were some diamonds, but overall it proved to us that there is always opportunity, you just have to look

Jonathan joined Mathan Somandarum from Deep data analytics for the Call on Monday with a very diverse list of stocks covered.

Jonathan tried to bring some optimism to the show as well known “perma-bear” Mathan was not in a forgiving mood.

Stocks covered South32 (S32) Playside Studios (PLY) Karoon Gas (KAR) Fisher & Paykel (FPH) Hub24 (HUB) Dimerix (DXB)
Stock of the day: Lovisa (LOV)



Mark had a double on the Call this week, getting a late call up for the blue chip episode Thursday, followed by a trip to the other end of the scale for the small cap episode Friday with one of the MPC teams favorite small cap experts, Luke Winchester.

Very different episodes, but both with interesting companies.

Some of Marks favorites were GQG Partners, Macquarie, Xero.



STOCKS

HIGHLIGHTS OF THE WEEK

IDP Education (IEL)

IDP Education has issued a warning regarding the Australian government's proposed immigration policy changes, anticipating a 20-25% decline in the international education market over the next 12 months. The restrictive policy environment in key destination countries is shrinking the international student market, negatively affecting IDP's testing and student placement volumes. Despite these challenges, IDP expects FY24 earnings to be in line with last year's results. However, the company is currently the second most shorted stock, and its share price has dropped to new lows.

Treasury Wines (TWE)

Treasury Wine Estates (ASX: TWE) saw its shares surge 5.3% after reaffirming financial forecasts ahead of an investor day in the United States. The company expects its Californian luxury wine business, Daou Vineyards, to generate earnings before interest and tax (EBIT) of \$US24 million (\$36 million) this financial year. With a market capitalization of \$9.5 billion, Treasury Wine Estates reaffirmed its FY24 EBIT guidance during the California investor day. This positive outlook contributed to the significant rise in the company's share price, highlighting investor confidence in its financial performance.

Lovisa (LOV)

John Cheston, long-time Smiggle boss, is set to leave Solomon Lew's Premier Investments to join Lovisa Holdings (ASX: LOV) as CEO. The transition will occur in June next year. Following the announcement, Lovisa shares dropped over 10%, trading at \$30.51, down \$3.40 by 12:35 pm (AEST). Cheston's salary will be \$2.35 million, compared to current CEO Victor Herrero's revised FY25 contract of US\$1.3 million (\$1.95 million). Herrero's contract ends on May 31, 2025, with Cheston starting on June 4, 2025. Cheston's leadership at Smiggle has been pivotal in Premier Investments' plans to spin off the stationary business.

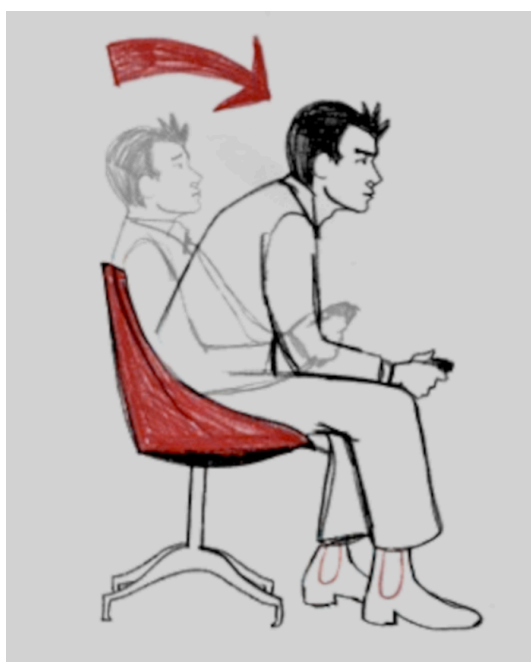
Guzman Y Gomez (GYG)

Mexican-inspired fast-food chain Guzman y Gomez (GYG) is weeks away from becoming a publicly listed company. Since its first restaurant opened in Sydney 18 years ago, GYG has expanded to 210 locations across four countries, becoming Australia's fastest-growing fast-food chain. For FY23, the group's EBITDA was \$29.3 million, pricing the IPO at a 76x EBITDA multiple. This valuation significantly exceeds that of its Australian competitors, with Collins Foods (ASX: CKF) at 10x EBITDA and Domino's Pizza (ASX: DMP) at 17x EBITDA. Guzman y Gomez shares are anticipated to trade on the ASX at a substantial premium.



STOCK NEWS

Gamestop and Lasertech



Gamestop – GME rose 15% overnight and is up another 15% in the after market. If GME closes above \$65 tonight, then Keith Gill aka Roaring Kitty's current position will be worth a cool billion. His shares will be worth \$325M and the calls will be worth \$700M

His original tweet which is pictured here was posted on May 13th. From reports his original trade entry cost roughly \$120M. So not a bad return in less than one month. Gill is also reported to be doing a live stream on youtube, so will be interesting to see if that helps pump the stock higher

GME themselves took this opportunity to do a cap raise. They raised close to \$1 billion in this recent run. Which is needed as recent reports showed that the stores were losing \$100m a quarter

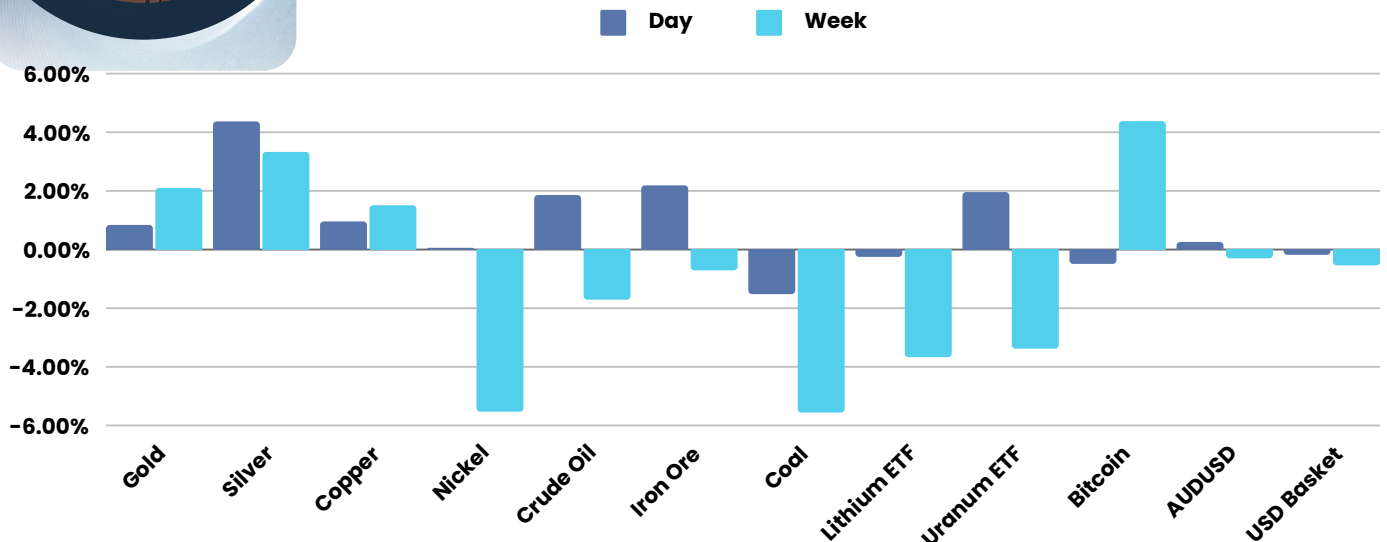
Lasertech - 6920. Short-seller Scorpion Capital has targeted Lasertec, a \$23 billion Japanese semiconductor equipment manufacturer, accusing it of being a "ticking time bomb" and a "colossal fraud." Scorpion alleges that Lasertec has been falsifying its financials, and that its flagship product, the ACTIS EUV inspection machine, is defective. According to Scorpion, the ACTIS system has a flawed EUV light source and other problems concealed from investors. Scorpion also claims Lasertec's new innovation park is largely inactive and that key customers, including TSMC, have ceased buying Lasertec's machines.



Additionally, Scorpion points to alleged overstated revenues and manipulated inventory numbers. Following the report, Lasertec's stock dropped 5%. The company denied the accounting allegations but did not address the machine flaws. Severe disruptions could impact the semiconductor sector, but firms like KLA Corp. are reportedly developing competing EUV inspection machines. A significant decline in Lasertec's share price could affect the Tokyo Stock Exchange, which has relied on semiconductor stocks for recent gains.



COMMODITIES & FX



Gold: Tight range that dominated last week continued for the majority of the week. The range did finally get broken and it was to the upside and has Gold currently trading around the 2375 level and looking good

Silver: Silver was very volatile this week as it was very weak early in the week making a new lower low at \$29.50. Silver then managed to bounce strongly out of that area and trading just above \$31. Chart isn't as constructive as Gold but does look likely to head higher

Copper: Copper prices continued to take a beating early in the week getting as low as \$4.50 but has recently bounced like the other metals and is back around \$4.65 which is roughly where it finished last week

Lithium: Lithium prices continue to be range bound. Stocks continued to be weak though as the sector all kept selling off

Crude Oil: Crude oil took a beating early in the week despite continued rhetoric from OPEC. Oil fell as low as \$72 a barrel but has since recovered strongly as back at \$76

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

Uranium: Spot uranium prices slightly weaker. Stocks weak early in week but have since bounced. Some of our favourites like BOE is back near recent support

Bitcoin: BTC and ETH both edged higher this week and look like they are ready to break out to new highs



ECONOMY & POLITICS

Europe cuts rates and India's Election

ECB cuts rates, keeps next move under wraps

The European Central Bank (ECB) cut interest rates for the first time in five years, lowering its deposit rate by 25 basis points to 3.75%, joining other central banks in easing post-pandemic inflation measures. This marks the start of an easing cycle, but ongoing price and wage pressures create uncertainty about further cuts. The ECB emphasized a data-dependent approach for future decisions. The ECB's decisions will focus on inflation outlooks and economic data, with no commitment to a specific rate path. Conservative members argue against rushing cuts, noting the economy's resilience. The ECB raised its 2025 inflation projection to 2.2% due to strong domestic price pressures and wage growth. The U.S. Federal Reserve's delayed policy easing may also influence the ECB's cautious stance. Attention now shifts to ECB President Christine Lagarde's press conference for further guidance.

Modi's loss could be India's gain

India's political landscape changed significantly this week with the results of its six-week General Elections. Contrary to expectations, Prime Minister Narendra Modi's BJP won 240 seats in the 543-seat Parliament, falling short of a majority. However, the BJP will form a coalition government with smaller parties. Modi's weakened mandate has impacted his perceived invincibility, making him vulnerable to challenges from both opposition leaders and internal party rivals. Despite this, Modi's third term is seen as a source of stability for Wall Street, given his positive market impact. Leadership continuity is expected to ensure political continuity, although major reforms may be delayed. This could impede growth but may prevent the BJP from pursuing hardline policies, potentially leading to greater social stability.

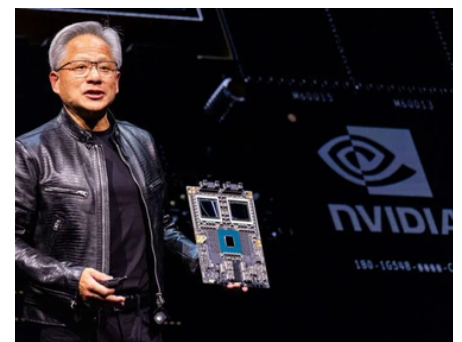
WHAT WE ARE READING



[US Treasury seeks public comments on AI use in financial services sector](#)



[SpaceX's Starship survives return to Earth, aces landing test on fourth try](#)



[Nvidia value surges past \\$3tn and overtakes Apple](#)



TRADE OF THE WEEK

Audinate (AD8)

Balanced Portfolio

Entry price: \$15 & \$16

Target Price: \$23

Stop Loss: \$13.90

Audinate Group Ltd (AD8) was founded with a vision to pioneering the future of AV. Audinate's award winning Dante audio over IP networking solution is a market leader and used extensively in the professional live sound, commercial installation, broadcast, public address, and recording industries

The group's network effects, existing customer relationships, along with the scale of R&D, should accelerate the AV industry's transition toward digital audio networking, according to the broker.

Analysts have price targets of \$22 to \$23 for AD8. It's considered a well managed, high-quality company with a large and highly-winnable market opportunity.

With the recent sell off in Audinate considered an overreaction to the long term CFO, and the technical indicators turned, we see AD8 as a long term buy with high growth prospects and dominant market position

