BULLS vs BEARS

MPC Markets - Weekly edition

FOUNDED BY INVESTORS, FOR INVESTORS

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MPC IN THE MEDIA

Jonathan joined Tribeca Investments, Jun bei Lui for The Call this week to discuss 10 stocks sent in from Ausbiz viewers.
From the list, Jonathan's favourites were Gold stock, Red5 and Whitehaven Coal
Blue chips, CSL, JB Hifi were discussed and our favoured communications sector stock Aussie Broadband were of particular interest.

Watch the episode

INVEST IN OUR TWO HIGH CONVICTION THEMES

Discount Entry Note - MPC Markets Structured Investment
The AI rally has dominated markets for 18-months, but what's next? At MPC Markets, we have two high conviction investment themes we believe are next in line to move higher
But with markets at record highs, interest rates nearing a new cycle and geopolitical tensions, it's a difficult time to invest. With this in mind, we have constructed our own custom structured investment to weather the storm and take advantage of the upside
Our Discount Entry Note investment lets you invest in our 3 high conviction stocks with downside protection.
These investments are available to Sophisticated Investors only

12th July 2024

STOCKS

HIGHLIGHTS OF THE WEEK

Incitec Pivot

shares fell 1.2% after halting negotiations with Indonesia's PT Pupuk Kalimantan Timur for its fertilisers business sale. The company will continue managing its Dyno Nobel explosives and fertilisers businesses separately and proceed with a $900 million stock buyback.

BHP

BHP will suspend nickel mining after massive losses in a move that casts doubt over thousands of jobs in Western Australia and will inflame tensions with the Albanese government.

The mining giant announced the suspension late on Thursday and foreshadowed an underlying full-year loss on nickel of $450 million. It blamed a global oversupply of nickel that has stemmed from Chinese-backed producers mining in Indonesia.

Resources Minister Madeleine King said BHP's decision was disappointing and that it was a "hard day for workers and WA".

BHP sought to soften the blow by saying it had "guaranteed" the jobs of 1600 frontline nickel workers – representing about 70 per cent of the overall workforce. About 400 workers will stay on at its nickel operations in the hope that market conditions might improve sufficiently for a restart after February 2027.

ANZ

ANZ has engaged two major law firms as it investigates workplace misconduct and inappropriate trading in its markets division even as the corporate regulator looks into whether the bank manipulated the price of government bonds.

Uranium Stocks Surge

Uranium stocks surged on Thursday following Kazakhstan's unexpected increase in uranium extraction taxes, set to take effect in 2025-2026. The new tax rates, signed into law by President Kassym-Jomart Tokayev, will rise from 6% to 9% in 2025 and introduce a two-tiered system based on production output and uranium spot prices in 2026.

This tax hike is anticipated to reduce supply growth from Kazatomprom, the world's largest uranium producer.

Consequently, uranium stocks like Paladin Energy, Boss Energy, and Deep Yellow saw significant gains, with shares opening 4-6% higher. The long-term outlook for uranium remains positive due to factors such as energy security, decarbonisation efforts, and increasing nuclear energy adoption, despite the sector's volatility and recent price fluctuations.

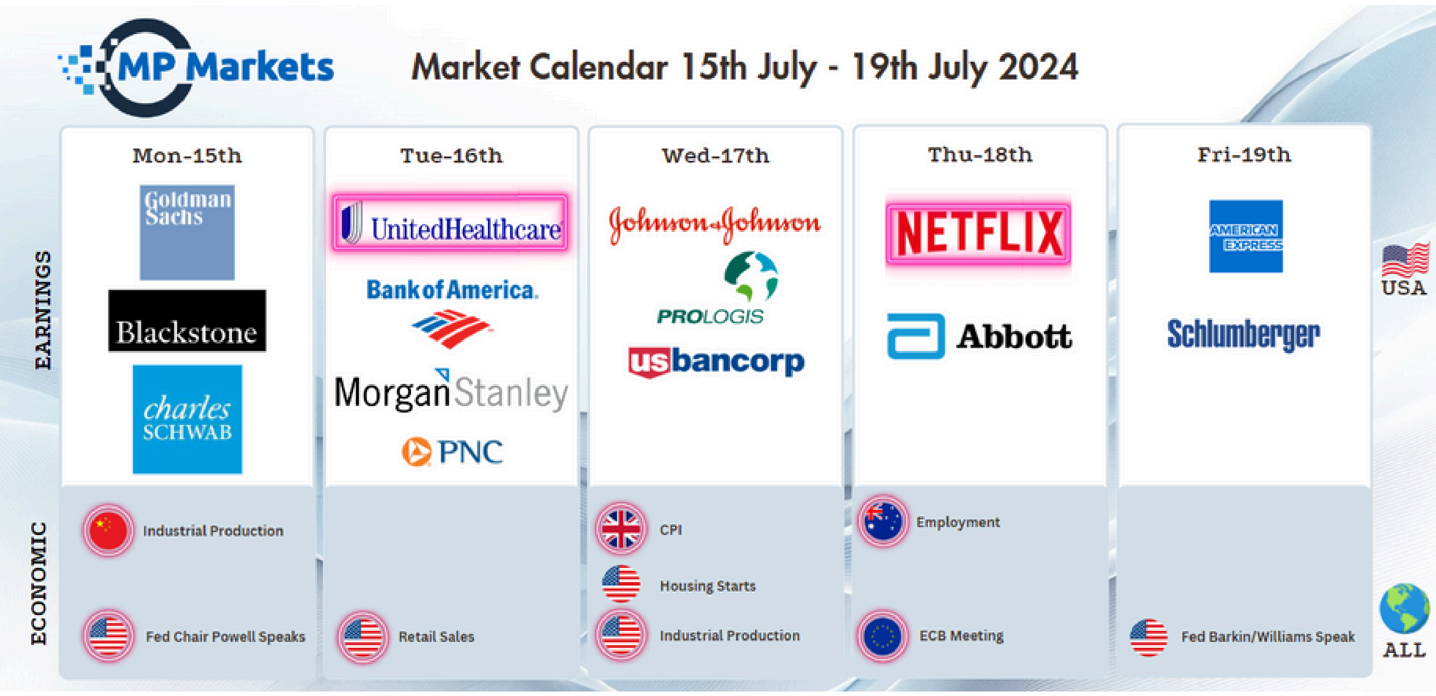
US STOCK NEWS

US earnings & Small Cap shift

Earnings
Next week earnings heat up with United health, Goldman Sachs and Netflix just some of the big names releasing earnings. any softness in the Mega-cap stocks is a big risk for the major indicies with the concentration of the Mag7 being the highest of any 7 stocks in history

PepsiCo - released its results for the second quarter of 2024, showcasing a mixed performance across various segments. The company reported a net revenue of $22.5 billion, a slight increase from the $22.3 billion reported in the same quarter last year. This represents a 0.8% year-over-year growth in net revenue. The company also saw an improvement in its earnings per share (EPS), which rose to $2.23, marking a 13% increase compared to the previous year.

Small Cap Shift
On Thursday night, after the CPI data cleared the way for rate cuts in September, investors flocked back to small cap names in big numbers, selling down the Magnificent 7 stocks to fund the change.
The AI thematic has been a black hole for capital inflows for over a year, with fund managers not bothering to allocate outside the Magnificent 7 stocks. While 1 night doesn't signify a trend, If the shift continues, we are likely to see high volatility in the coming weeks.



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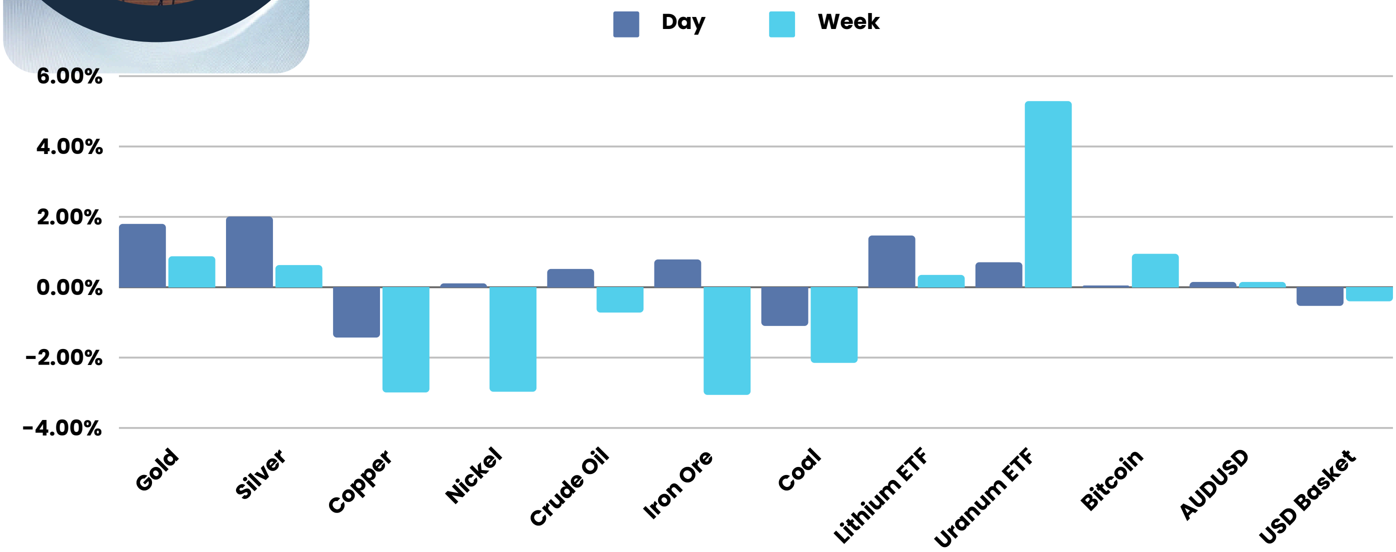
COMMODITIES & FX



Gold: Gold caught a bid tone late in the week as investors increased bets that the Fed will cut rates in September

Silver: Silver regained some ground late in the week as the US inflation numbers fueled speculation that the Fed will cut interest rates

Copper: a sideways to weaker result for copper after a strong performance the previous week which was surprising given the continued Chinese stock piling and the smelter margins being slashed as smelters struggle to source raw materials

Lithium: predictably, after last weeks dour sentiment on lithium and the investment bank choir singing “SELL LITHIUM” the sector bounced this week with our favourite, Liontown bouncing back above $1 as it comes into production

Crude Oil: an uneventful week overall moving sideways after a great month long rally

Iron Ore: the whacking stick that lithium has recieved from pundits and the media was passed to Iron ore this week with the opinions on Iron ore far worse than the reality, falling just 3%

Uranium: Uranium spot prices remained steady although uranium stocks rallied hard due to the Kazakhstan tax on uranium production helped Australian miners

Bitcoin: Bitcoin stabilised around 58k after some scary downside breaks last weekend which saw prices drop from 63k to 53k in just 3 days

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ECONOMY & POLITICS

US Inflation falling - Biden failing

US Inflation data softening

U.S. consumer prices unexpectedly fell in June and the annual increase was the smallest in a year, reinforcing views that the disinflation trend was back on track and drawing the Federal Reserve another step closer to cutting interest rates. The consumer price index dipped 0.1% last month after being unchanged in May, the Labor Department said on Thursday. It was the second straight month of tame CPI readings, and could help to bolster confidence among officials at the U.S. central bank that inflation was cooling.
In the 12 months through June, the CPI climbed 3.0% and followed a 3.3% advance in May.
The net of the data reinforces the dovish messaging from Powell and offers confirmation that the Fed's tighter policy stance is weighing on consumer price inflation

Calls for Biden to exit Presidential race become overwhelming

George Clooney, his own party and party donors are not hiding their dissatisfaction with President Biden continuing to run for the Demcratic nomination.
Clooney's remarks reflect a broader sentiment among Hollywood elites, who are increasingly vocal about their doubts regarding Biden's ability to lead a second term for the White House.
Democratic senator Welch and House Democrat Schneider both held press conferences to call for Biden to quit
U.S. Democratic Representative Brad Schneider said on Thursday President Joe Biden should end his re-election bid.
"The time has come, however, for President Biden to heroically pass the torch to a new generation of leadership to guide us to the future he has enabled and empowered us to pursue

WHAT WE ARE READING

Is Biden losing Hollywood? George Clooney asks President to exit the election race

Macron's election gamble foiled the far right, but threw France into political chaos

Tame US June CPI smoothes path for Fed ease

TRADE OF THE WEEK

Powering A.I. & Store of Value - Discount Note

Structured Investment: **Discount Entry Note**

Powering A.I. & Store of Value

Rationale:

For investors cautious about entering at today's prices, a discount entry note can provide a smart buffer with greater upside potential. Whilst giving up an income return, it can provide exposure to an asset at a significant discount to current prices.

Strategy Overview:

Discounted Entry Note - Powering A.I. & Store of Value

Basket	Reference Assets	Discount-Entry Level	Term
A.I Enablers and Store of Value	BHP Group Pty Ltd (BHP) Cameco (CCJ) Newmont Corporation (NEM)	74% (-26% from today's price)	36 Months

- This 3-year growth strategy provides investors with a 26% discounted entry price into a basket of stocks powering AI and securing value through essential commodities.
- For every $7,400 invested, investors have $10,000 worth of exposure to the worst performing asset in the basket. Effectively buying the worst performer at 74% of its initial price.
- If the worst performer is up 20% at maturity, investors would receive a +62.12% return on their initial investment.[1]
- If the worst performer is below its initial price at maturity investors would receive shares in the worst performer at a cost base of 74% of its initial price, therefore softening downside losses.[1]

Scenarios: Example of a $74,000 Investment

Scenario 1: Bullish

The worst performing reference asset is up 20.00% at maturity.

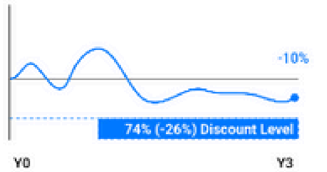
+62.12% ROI

- $74K cash outlay buys $100K of exposure to the worst performing stock.
- The worst performer is up 20% at maturity.
- Investors receive back $120,000 in cash (100k x (1+0.2)).
- Realised Return = $120k Returned - $74k Invested = $46k (62.12% ROI).

Scenario 2: Bearish

The worst performing reference asset is down -10% at maturity.

+21.62% ROI

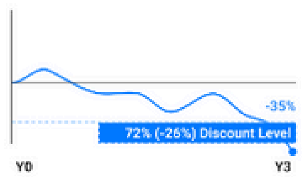


- $74K cash outlay buys $100K of exposure to the worst performing stock.
- The worst performer is down -10% (90% of its initial price) at maturity.
- Investors receive back $90,000 worth of shares in the worst performer (100k x (1-0.10)).
- Unrealised Return = $90k in shares - $74k invested = $16k (21.62% ROI).

Scenario 3: Very Bearish

The worst performing reference asset is down -35% at maturity.

-9.73% ROI



- $74K cash outlay buys $100K of exposure to the worst performing stock.
- The worst performer is down -35% (65% of its initial price) at maturity.
- Investors receive back $65,000 worth of shares in the worst performer (100k x (1-0.35))
- Unrealised Return = $65k in shares - $74k invested = -9k (-12.16% ROI).

1. Subject to credit risk of the issuer.
2. Stropro. Scenarios are for explanatory purposes only.
3. In addition to the above risks, various factors may impact on the potential return of the product. Some of these risks are Credit risk, Recourse limited to the Guarantor and ADI status, Market Risk, Liquidity Risk. The above summary is not a definitive list of risks - please requests or access term sheets on platform for a full description of risks.