



BULLS vs BEARS

MPC Markets – Weekly edition

FOUNDED BY INVESTORS, FOR INVESTORS



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MPC IN THE MEDIA

Jonathan joined Grady Wulff and David Koch on The Call Thursday. Stock of the Day was WHC which was given a double Buy. Other Double Buy's were IAG, VNT and a spec Buy on Mesoblast

There were a few “double buys” on the show with Jonathan and Grady both happy to buy Whitehaven, Ventia & IAG

[Watch the episode](#)



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MPC Markets in partnership with StroPro will be featuring as one of the presentations on Structured Investments

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STOCKS

HIGHLIGHTS OF THE WEEK

WiseTech

reported a robust financial performance for FY24, highlighted by a 28% increase in total revenue to \$1.04 billion and a 33% rise in CargoWise revenue. The company also achieved an EBITDA margin of 48%, slightly above expectations, with a fourth-quarter run rate of 50%. The underlying NPAT rose by 15% to \$283.5 million, and free cash flow improved by 14% to \$333 million.

Strategically, WiseTech made significant progress in expanding its market penetration, particularly with large global freight forwarders (LGFFs), securing rollouts with major players like Nippon Express and Sinotrans. The company also launched three breakthrough products—CargoWise Next, Container Transport Optimization, and ComplianceWise—positioned to drive future growth and solidify its leadership in logistics software.

Judo Bank

a significant increase in net profit, which surged eightfold to \$353 million as revenue doubled. Despite these impressive figures, the market reacted negatively, with concerns about tightening margins and broader economic conditions leading to a decline in share price. Analysts noted that while the earnings exceeded expectations.

Audinate (AD8)

a leader in the professional AV industry with its Dante® media networking solution, delivered strong financial results for the year ending 30 June 2024. The stock price fell sharply from \$16 to \$7.50 after the company issued pre-earnings guidance a couple of weeks that highlighted challenges expected in FY25. The negative sentiment surrounding the outlook overshadowed the robust performance in FY24. Despite the negative outlook, Audinate still managed to achieve a record year of profit and the market has reacted positively today to the earnings update.

Whitehaven (WHC)

while Whitehaven Coal has faced substantial challenges in FY24, particularly in terms of revenue and profit margins, the strategic acquisition of metallurgical coal assets positions it for potential recovery and growth. The company's ability to maintain dividend payments amidst these challenges demonstrates a commitment to shareholder value, although market conditions will need to improve for a substantial turnaround in financial performance.



STOCKS

LOWLIGHTS OF THE WEEK

A2 Milk (A2M)

This Although A2 Milk delivered solid top and bottom line growth, it still appears to have fallen a touch short of expectations. In addition, its guidance for mid-single digit growth may have disappointed investors. Especially given that its shares were trading at a significant premium. The market had been forecasting 9% revenue growth in FY 2025.

Megaport

The Network as a Service (NAAS) business saw a sharp decline of 20% on day of earnings as forward guidance disappointed investors. The results themselves were broadly positive and the financials reflected the most stability in the business, ever. The outlook was also optimistic, but clearly not enough to stop the flood of sell orders on the open. We largely expect that Megaport will be a beneficiary the long term tailwinds of AI and redundancies in competitors

Goodman Group

while Goodmans results were close to expectations, the darling of the REITs sector drifted lower over the following days as the premium priced into the company valuation was too risky.

Corporate Travel

Results were generally in line with market expectations but fell short in specific areas. Analysts had anticipated stronger contributions from the European region, particularly from the UK Bridging accommodation contract, which underperformed due to changes in government policy. The results demonstrate CTM's resilience and growth potential as the corporate travel market continues to recover. The outlook is positive, with the company well-positioned to capitalize on opportunities in its key markets, however the description of FY25 as a "rebuild year" wont motivate investors to buy the dip until improvements are shown



ASX EARNINGS

Earnings Season Heavyweight round

THE WEEK AHEAD

EARNINGS

ECONOMIC

Mon-26th	Tue-27th	Wed-28th	Thu-29th	Fri-30th
BHP Bendigo Bank Pilbara Minerals stanmore THE STAR EVT nib	worley Woodside Energy Lovisa coles ZIP KELSIAN NICKEL INDUSTRIES JOHNS LYNG GROUP	FMG Woolworths Woolworths apa Nine FLIGHT CENTRE	Wesfarmers QANTAS MINERAL RESOURCES Sandfire igo SOUTH32 NEXTDC NVIDIA	Ramsay Health Care DICKER DATA
	RBA Minutes	FOMC Minutes	Manufacturing PMI Manufacturing & Services PMI	Jackson Hole Begins

Catch the Weekly Earnings Mini-Webinar

BHP

While Earnings per share is expected to improve by 3% in FY24 and a further 3% in FY25, BHP is currently trading at its lowest levels since 2022 and will be hard pressed to disappoint the market with expectations already so low.

BHP's long term plans for Copper and Potash, diversifying the product split away from Iron ore has been years in the making and will take advantage of long term trends. The current bearishness on China from investors is short sighted and current prices are an opportunity

is expected to report strong earnings growth of around 8% for FY24, driven by solid performance across its retail divisions like Bunnings, Kmart and Officeworks. The company's recent acquisition of Australian Pharmaceutical Industries (API) has also added to its revenue stream.

Analysts are forecasting Wesfarmers to generate earnings per share (EPS) of around 300 cents for the full year, up from 277 cents in FY23. The conglomerate's diverse business model spanning retail, chemicals and industrial divisions has helped it navigate the challenging economic environment. Investors will be keen to hear management's outlook for FY25 and any updates on Wesfarmers' capital management strategy, including its dividend policy

amidst a challenging backdrop for the iron ore market. The company has faced significant pressure recently, with its share price plummeting nearly 20% over the past month, largely due to a sharp decline in iron ore prices, which have dropped below US\$100 per tonne—the lowest in 20 months.

Analysts from UBS anticipate that Fortescue will report a revenue of approximately US\$18.5 billion, with an EBIT of US\$8.6 billion, leading to a net profit after tax of about US\$5.88 billion. This translates to an earnings per share (EPS) of around US\$1.91, although expectations for the final dividend are tempered, with a projected annual payout of A\$1.41 per share, reflecting the current market volatility and reduced demand for steel, particularly in China

Lovisa (LOV)

While the February reporting season indicated improvements in company fortunes, such as stronger gross margins, sales resilience, and positive consumer sentiment, the economic landscape has since become more challenging.

Rising risks are attributed to the persistent cost of living pressures, delayed rate cuts, ongoing inflation, and declining Australian retail sales statistics.

These factors are expected to create a divide among retailers, with those focusing on market share growth, expanding store networks, and maintaining tight cost control likely to emerge as winners.

While a recent CEO social media post indicated the store network comprises 900 stores—slightly below the broker's 934 estimate—revenue forecasts have been adjusted accordingly.

We remain optimistic about Lovisa's capacity to fund its ambitious global expansion plans, which could potentially yield stellar returns.

VERDICT:
HOLD & TRIM ON STRENGTH
LONG-TERM BUY, BUT MACRO HEADWINDS AHEAD

Metric	Feb-23	Aug-23	Feb-24	Aug-24	Feb-24	Aug-24
EPS Surprise	16%	27.3%	2.8%	23.2%	4%	4%
Revenue Surprise	1.2%	22.3%	7.2%	-8.1%	12.9%	4.4%
Net Change in Day	11.9%	10.9%	2.2%	-2.6%	12.2%	
EPS Growth	-26%	15%	25%	15%	15%	15%
Revenue Growth	2%	16%	2%	2%	2%	2%
Company's earnings						

Trade Plan

Holders: Positive sentiment in a sector with positive momentum. VERY positive technicals mean this one will have to really disappoint to sell-off. HOLD & look to sell into strength above \$41.

New Money: Buy small before or wait for a dip (if it comes)

SELL/TRIM ZONE
BUY ZONE

South32 (S32)

The company has struggled with recent performance, having not beaten its EPS estimates in the past year. The upcoming results are expected to reflect significant financial impacts, including approximately AU\$1.22 billion in asset impairments, primarily due to operational challenges at its Worsley Alumina and Cerro Matoso projects.

Additionally, production guidance has been revised downward for several commodities, indicating ongoing pressures in the metals market. Investors will be closely monitoring these results for insights into the company's recovery strategies and operational adjustments in response to market conditions.

The company faces mixed results across its various segments, with some areas underperforming.

VERDICT:
THERE IS BETTER VALUE AT CHEAPER PRICES IN THE SAME SECTOR
CONSIDER SWITCHING TO FMG or BHP EARLY IN THE WEEK

Metric	Feb-22	Feb-23	Feb-24	Aug-24	Feb-24	Aug-24
EPS Surprise	14.3%	-2.6%	11.2%	-2.1%	24.8%	
Revenue Surprise	14.3%	4.6%	3.2%	-8.1%	12.9%	
Net Change in Day						
EPS Growth	51%	15%	45%	45%	45%	45%
Revenue Growth	27%	25%	2%	2%	2%	2%
Company's earnings						

Risk Management Plan

Holders: Materials are already under pressure as a sector and South32 picking up the pieces from a major storm that wiped out their major Manganese port, bad could get much worse

SELL AND SWITCH TO FMG or BHP



US STOCK NEWS

Make-or-Break time for A.I Stocks

Nvidia Earnings

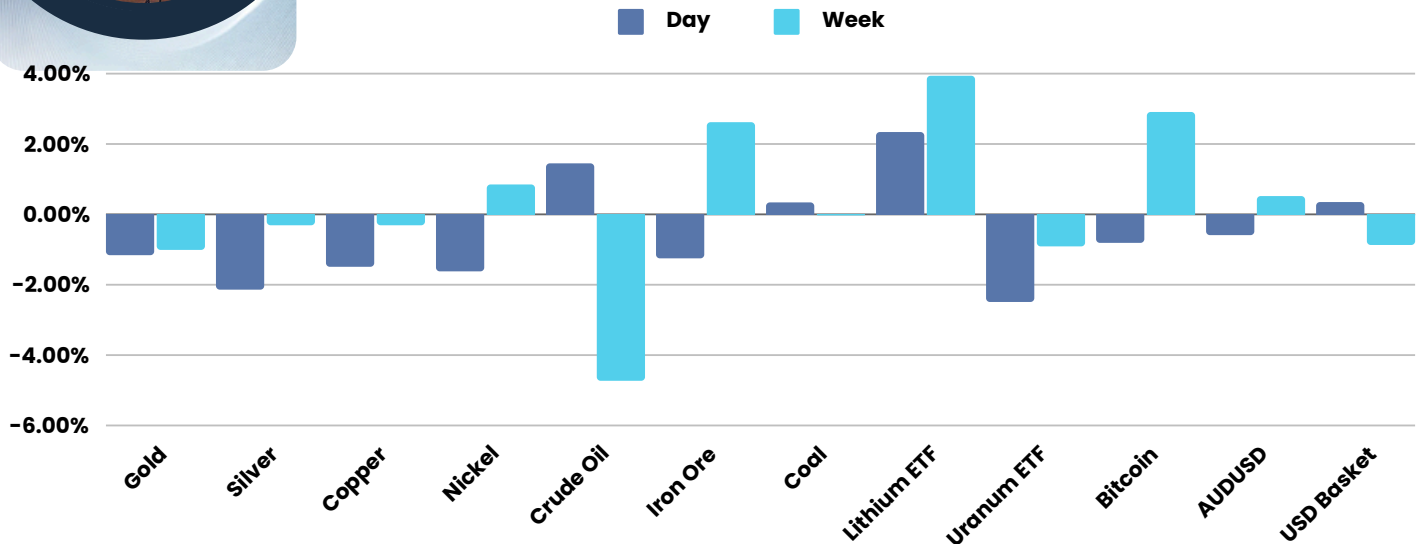
NVDA is set to report its Q2 FY2025 earnings on August 28, 2024, and investors are eagerly anticipating another strong performance from the AI chip giant. The company is expected to deliver impressive year-over-year growth, driven by the surging demand for its high-end graphics processing units (GPUs) used in generative AI workloads. Analysts project Nvidia's Q2 revenue to reach \$28.55 billion, more than double the figure from the same quarter last year. Earnings per share are anticipated at \$0.63, representing a substantial 133.3% increase year-over-year. The data center segment is likely to be the primary growth driver, as cloud providers and enterprise customers continue to invest heavily in AI infrastructure. In Q1, Nvidia's data center revenue skyrocketed to \$22.6 billion, a fivefold increase from the previous year. Investors will be keen to hear updates on Nvidia's next-generation Blackwell chips, which may face delays due to a reported design flaw. Additionally, the market will be watching for guidance on supply chain improvements and the company's ability to meet the growing demand for its AI chips. Gross margins are expected to remain robust, with Nvidia guiding for adjusted gross margins of around 75.5% for Q2, attributed to favorable component costs and a product mix skewed towards complex data center products. While Nvidia's stock has seen extraordinary gains, its performance following the earnings report will depend on the company's ability to meet or exceed high expectations. Any forward-looking statements regarding the AI market's growth trajectory will be closely scrutinized.



Weekly S&P500 Heatmap



COMMODITIES & FX



Gold: Gold prices have remained relatively stable over the past week, hovering around \$2,500 per ounce after reaching an all-time high. The market is currently awaiting the release of the latest FOMC minutes and Fed Chair Powell's speech at the Jackson Hole Symposium, which could provide crucial insights into the Federal Reserve's monetary policy direction and potentially impact gold prices

Silver: Silver prices have shown a notable upward trend over the past week, rising by approximately 5.45% to reach \$29.76 per ounce as of August 22, 2024. This increase has been driven by expectations of potential interest rate cuts by the US Federal Reserve in September, coupled with strong demand for silver products, as evidenced by the Perth Mint's reported 91% surge in silver sales for July

Copper: Rumours of China stimulus helped copper off the \$4 support level in the last 10 days, while a weakening USD has also helped broadly support commodities

Crude Oil: driven by a combination of slowing demand, particularly in emerging markets like China, and unexpected increases in oil production, coupled with OPEC's decision not to reduce output despite oversupply.

Iron Ore: Rumours of China stimulus helped Iron ore prices stop the bleeding this week, although they still remain vulnerable only 5% higher than the recent 2 year low

Bitcoin: BTC bounced back around 7% after a poor showing the previous week



ECONOMY & POLITICS

Fed minutes point to 'likely' rate cut coming in September

Federal Reserve officials at their July meeting edged closer to a potential interest rate cut, with the majority indicating that a September reduction was increasingly likely if data trends continued. While all members of the Federal Open Market Committee voted to keep rates steady, some argued for an immediate cut due to progress on inflation and rising unemployment. Markets are fully anticipating a September cut, the first since early COVID-19 measures. Despite holding off, the Fed minutes reflected confidence in inflation moving toward the 2% target, with concerns about overstated job gains and labor market vulnerabilities. Economic data following the meeting showed mixed signals, with rising unemployment claims and manufacturing contraction, heightening calls for a quicker rate cut.

A remarkable new dynamic has emerged in the US election: Kamala Harris can win

Kamala Harris's path to the presidency is becoming more than a dream, its fast becoming a possibility. Despite a Trump assignation attempt and a longer time to campaign Trump's controversial choice of JD Vance as a running mate failed to broaden his appeal. The late shift from the democrats has reshaped the race, positioning Harris as a strong contender against Trump. Harris quickly differentiated herself from Biden, especially on contentious issues like the Gaza conflict, taking a tougher stance. While she faces challenges, particularly regarding immigration and her tenure as Vice President, her strong advocacy for women's rights, gun control, and her prosecutorial background strengthens her appeal. The race has become a highly competitive and unpredictable contest, with Harris gaining momentum.

WHAT WE ARE READING



[Gold prices hover near record high post U.S. Fed minutes](#)



[What if RFK Jr. joins Trump's campaign?](#)



[Fed minutes, Jackson Hole and Harris speech - what's moving markets](#)



TRADE OF THE WEEK

PWR Holdings (PWH)

ALPHA RECOMMENDATION

Trade Date: 23/08/2024

Entry price: \$9.60

Target Price: \$12.50 (+30%)

Stop Loss: \$8.72 (-14%)

PWR Holdings Limited (ASX:PWH) is an Australian company specializing in the design, production, and sale of advanced cooling solutions for the automotive and motorsports industries. The company operates globally, with facilities in Australia, the United Kingdom, and the United States. PWR's products cater to motorsports, automotive OEMs, aerospace, defense, and aftermarket sectors

Catalyst: Technicals are showing PWH has stabilised after being oversold due to an underwhelming earnings report. Fundamentally the company is sound and should grind higher, back to the Bollinger mid-line

