



# BULLS vs BEARS

MPC Markets – Weekly edition

*FOUNDED BY INVESTORS, FOR INVESTORS*



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## MPC IN THE MEDIA

an in-depth, stock-specific analysis on 'The Call,' covering a range of companies. They discussed EBOS Group (EBO), Tyro Payments (TYR), Newmont (NEM), Mineral Resources (MIN), Harvey Norman (HVN), Endeavour Group (EDV), Helloworld Travel (HLO), oOh!Media (OML), Monash IVF Group (MVF), and CSL (CSL). The stock of the day was DroneShield (DRO), which received special attention during their analysis.

**[Watch the episode](#)**



## A.I. INVESTORS ASK "WHERE'S THE REVENUE?"

This weeks Mag7 earnings results really highlighted highlights a \$763 billion gap between AI revenue and the massive investments in AI infrastructure, particularly in AI chips, leading to volatility in Nvidia's stock and uncertainty in AI's profitability. We have continually warned that while AI will likely be up there with the internet and the industrial revolution, investors have gotten way ahead of the real world and are not known for their patience on companies to deliver. Google, Microsoft and Amazon have tested investor patience, lacking AI revenue, leading to sharp sell-offs. Meanwhile, Meta's earnings exceeded expectations, driven by AI's role in improving ad relevance managed to rally despite broader market weakness





# STOCKS

## HIGHLIGHTS OF THE WEEK

### ResMed (RMD)

Sleep apnoea device maker rallied 1.5 per cent after quarterly revenue rose 9 per cent to \$US1.2 billion (\$1.85 billion) in the last quarter of fiscal 2024, taking quarterly dividends to US53¢ per share, up 10 per cent. ResMed says revenues rose 9 per cent in the fourth quarter as expected as the medical device maker sold more breathing devices, masks and software. ResMed, which is listed in the United States and Australia, said fourth quarter revenue rose 9 per cent to \$US1.22 billion (\$1.9 billion), which was broadly in line with market expectations.

### Fortescue (FMG)

JPMorgan sought buyers for \$1.9 billion of discounted Fortescue stock post-Monday's close for an undisclosed institutional investor. Institutional investors seem wary of Fortescue due to C-suite issues, rising costs, slumping iron ore prices, and abandoned hydrogen ambitions. Fortescue reported a decline in export volumes and saw several key executive departures. Shares have fallen 30.8% year-to-date.

### Rio Tinto (RIO)

recorded \$5.8 billion in profit after tax for the half year. Underlying earnings of \$12.1 billion. net cash was \$7.1 billion, interim ordinary dividend of US177¢ Rio Tinto CEO Jakob Stausholm is focused on expanding the company's lithium and copper divisions, seeing them as crucial for future growth, especially with the energy transition. Following a \$5.75 billion half-year profit, Stausholm noted that Rio has reached an "inflection point" with key projects like the Oyu Tolgoi copper mine and Rincon lithium in Argentina nearing significant milestones. Despite Rio's dominance in commodities like iron ore, Stausholm wants to boost its presence in lithium and copper. He emphasized the importance of synergies in potential acquisitions, with a particular interest in expanding in Latin America. Rio's financial position is strong, enabling further investments, although recent results showed a slight miss in expected dividends as the company prepares for future growth projects.

### Rex Airlines

Rex Airlines has entered voluntary administration, leading to 360 immediate job cuts, with 600 more at risk. All Boeing 737 flights between major cities have been grounded, ending Rex's jet operations. Asia-based private equity firm PAG may acquire the airline, while employees fear losing entitlements. The government is urged to ensure Rex's regional services continue, as regional communities rely on them. This situation underscores broader competition challenges in Australia's aviation sector.



# ASX EARNINGS BEGINS

Confession season for ASX

## THE WEEK AHEAD

	Mon-5th	Tue-6th	Wed-7th	Thu-8th	Fri-9th
EARNINGS		 		   	   
ECONOMIC	Bank Holiday ISM Services	RBA Policy Meeting			AU USA ALL

## PREVIEW



**QBE** expecting gross written premium growth for QBE Insurance of 5.0%, slightly above the mid-single-digit guidance for FY24. Despite short-term positive factors for the company, QBE Insurance is trading at an 11.8% premium to its weighted international peers, significantly above the three-year average premium of around 2.3%. More clarity on the consequences of its exit from some 'non-core' American markets would also be welcome.



**REAGroup** Stocks that have > 20% net EPS upgrades since last reporting season, statistically tend to positively surprise...and REA is one of those stocks previews online classifieds for the 2H24 and believes the sector is well positioned to continue to underwrite growth via yields and price rises. Protrack data reveal listing volumes have remained stronger than the forecast 17% annual growth as Melbourne and Sydney continue to exceed other cities. Accordingly, volume growth forecasts for REA Group have been recently lifted by 1.5% to 8%



**Coronado** Following two years of investment across Australian and US operations, both the production and cost profiles have reached a turning point. June Quarter run-of-mine beat consensus by 16%. Production was in line, sales missed by -6% and costs tracked lower. FY24 guidance was reaffirmed in the quarterly for coal production, unit cost and capex. Mammoth approvals on track. With a constructive met coal outlook and Coronado's improved productivity, cost position, and product quality, any positive re

### CONSUMER DISCRETIONARY

Could this be the last chance to bank profits?



Consumer disposable income has been reduced by higher interest rates and inflation, but Australians have kept spending, burning through savings built up over COVID and have now turned to credit cards. This can only go on for so long as credit limits are reached and the looming economic slowdown adds the killer blow to household budgets.

During economic slowdowns, people tend to avoid purchasing large household items due to financial uncertainty and budget constraints.

High-ticket items like appliances, furniture, and electronics are often seen as non-essential, making them easy to postpone until economic conditions improve.



# US STOCK NEWS

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## Investor sentiment deflates on AI

### Microsoft (MSFT)

The stock dropped over 5% in after-hours trading after its Q4 cloud revenue growth fell short of expectations. The company reported earnings per share of \$2.95 on \$64.7 billion revenue, with Azure's 29% growth missing the 30.2% estimate. Despite increased investments and capital spending of \$19B in Q4, signs of slowing cloud growth concerned investors. Productivity and business processes revenue rose 11%, and personal computing revenue increased by 3%.

**Down 3.5% for the week**

### Meta Platforms (META)

The social media platform delivered better-than-expected guidance for the current quarter after reporting second-quarter results that beat analyst estimates on the top and bottom lines. Looking ahead to Q3, the company guided for total revenue to be in the range of \$38.5B to \$41B, or \$39.75B at the midpoint, beating Wall Street estimates of \$39.09B. On the negative side, the company expects infrastructure costs will be a significant driver of expense growth next year as we recognize depreciation and operating costs associated with our expanded infrastructure footprint.

**Up 7.1% for the week**

### Amazon.com (AMZN)

reported slowing online sales growth in the second quarter and said cautious consumers were seeking out cheaper options for purchases, sending shares down nearly 8%.

The after-hours stock drop came despite second-quarter profit and cloud computing sales that beat analyst estimates. Amazon shares had gained over 20% this year through the session close on Thursday, and investors were disappointed that the company forecast current-quarter sales below Wall Street estimates.

**Down 6.5% for the week**

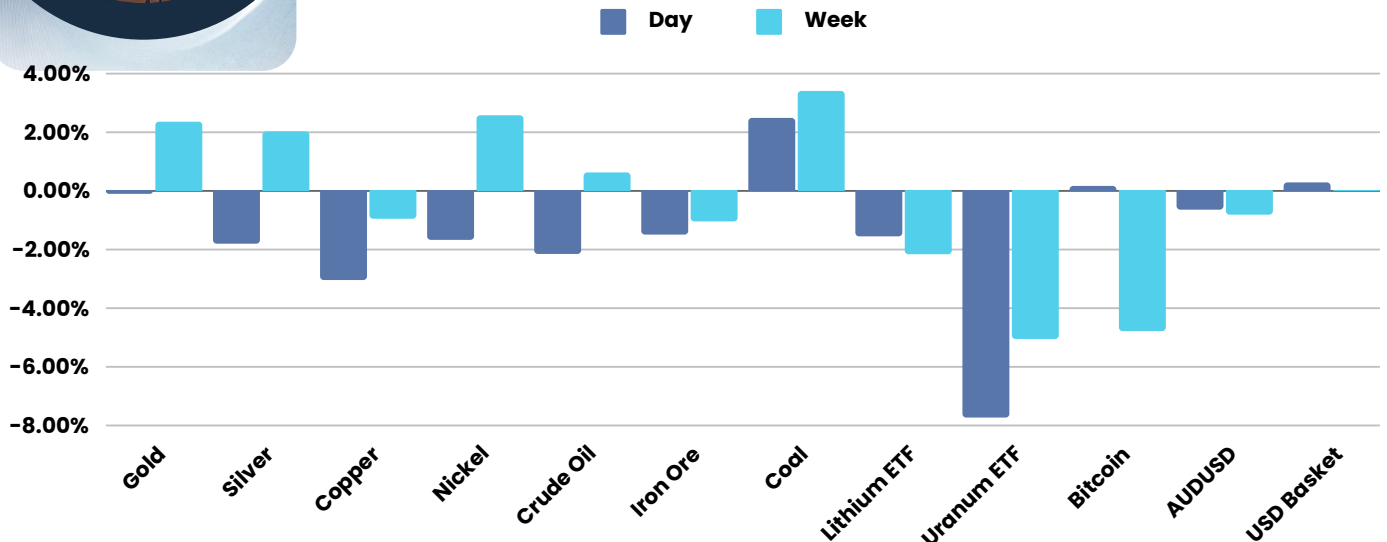
### Intel (INTC)

The chipmaker plummeted after it suspended its dividend and announced a cost reduction plan, while issuing disappointing guidance. Its comprehensive reduction in spending includes a more than 15% headcount reduction.

**Down 25% for the week**



# COMMODITIES & FX



**Gold:** Gold has maintained the crown as the king of store of value. Despite all the selling in equities, Gold remained well bid and looking strong. It rallied from \$2,380 to \$2,460 trading around the \$2450 level

**Silver:** Silver had a strong start to the week rallying from \$28 to \$29 but has pulled back in the last two days and mid range for the week around \$28.50

**Copper:** Copper had a promising bounce to finish off July and saw it trade up to \$4.20. Unfortunately for bulls this has been quickly reversed and is back near recent lows around the \$4.09 level

**Lithium:** Lithium continues to be unloved and keeps falling to new lows. Producers did manage a small recent bounce but this has been quickly erased

**Crude Oil:** Crude oil has been volatile this week, due to the geopolitical tensions in the middle east. After falling as low as \$75s it quickly bounced to \$79. Its now trading near \$77 and looks to remain whippy

**Iron Ore:** Iron ore remains week trading just about the \$100 level. Miners have been dragged lower with the equity sell off

**Uranium:** Uranium stocks have sold off again this week and made fresh lows. Spot price remains steady around the \$84 level

**Bitcoin:** Bitcoin showed glimpses of a breakout touching the \$70k level early in the week but has since retraced and currently just under the \$65k level



# ECONOMY & POLITICS

## AU CPI eases RBA rate hike fears

Australia's annual inflation rate has increased to 3.8%, up from 3.6% earlier this year, with prices rising 1% in both the March and June quarters, according to the Australian Bureau of Statistics (ABS). This marks the first uptick in annual CPI inflation since December 2022. However, the "trimmed mean" inflation, a key measure watched by the Reserve Bank of Australia (RBA), fell slightly to 3.9%, continuing its six-quarter decline. Economists believe this decrease reduces the likelihood of a rate hike next week, with some predicting a rate cut in early 2025. Despite the decline in underlying inflation, rental and insurance prices continue to rise sharply. The RBA is expected to monitor these trends closely in its upcoming meeting, with some analysts forecasting rate cuts later this year as inflation eases.

## 'Is she Indian or Black?' Trump questions Harris' identity

During an interview at the National Association of Black Journalists' convention, Donald Trump falsely claimed that Kamala Harris downplayed her Black heritage, suggesting she only recently embraced it. His remarks were met with jeers and criticism. Harris, of Indian and Jamaican descent, responded by highlighting Trump's divisiveness. The interview, which focused on Trump's record with Black voters, was tense, with Trump defending his presidency and making controversial statements about "Black jobs."

His comments were part of a broader effort to court Black voters, despite his past racist remarks. Public opinion polls show Harris gaining support among voters of color, with a recent poll showing her narrowly leading Trump.

Nevertheless, the circus rolls on for another

## WHAT WE ARE READING



[360 workers sacked at Rex with hundreds more jobs to go](#)



[US launches Nvidia antitrust probe after rivals' complaints](#)



[Buffett offloads more Bank of America shares; sales top \\$3.8 billion](#)



# TRADE OF THE WEEK

## Monash IVF (MVF)

### Alpha Recommendation

Trade Date: 30/07/2024

Entry price: \$1.35

Target Price: \$1.55

Stop Loss: \$1.20 (15% Trailing Stop)

Monash IVF Group Limited (MVF) is in the field of human fertility services and is a provider of Assisted Reproductive Services (ARS) which is the most significant component of fertility care in Australia and Malaysia.

Monash has been mainly a range bound for 12 months ranging between \$1.20 to \$1.50. MVF has recently pulled back and traded near the bottom end of the range. MVF has bounced nicely off this level and looks to be heading back to the high end of the range. Earnings for MVF is on August 20th 2024 so looking to get set before the news

