



# BULLS vs BEARS

MPC Markets – Weekly edition

FOUNDED BY INVESTORS, FOR INVESTORS



Listen to the podcast on Spotify or iTunes



## MPC IN THE MEDIA

MPC Markets debuted on Sky News this week with the overnight markets report with Jaynie Seal

Outside of that, all the team had a huge week in the media with over 7 media appearances this week and another debut on markets website thebull.com.au where Mark gave 2 buys, with Graincorp and Droneshield 2 holds and 2 sells in the local market



## HURRICANES, INFLATION & MIDDLE EAST CONFLICT CANT STOP BIG TECH

This week we've seen the worst hurricane in 100 years in the US gulf, the second severe hurricane in as many weeks, Israel retaliate against Hezbollah, bombing Beirut, inflation come in hotter than expected, China have its largest 1 day fall in multiple decades AND bond yields have their steepest rally this year.

All of this would normally send the market into freefall, yet here we are at record highs in the Nasdaq and S&P500 as the Mega-Cap tech stock dance to their own beat





# STOCKS

## HIGHLIGHTS OF THE WEEK

### **Graincorp (GNC)**

Graincorp stands to benefit from favorable conditions in the agricultural sector, with both summer and winter crops performing strongly. Forecasts suggest a minimal risk of El Niño until at least 2027, paving the way for potentially record-breaking harvest volumes. Advances in precision agriculture and farming technology have improved crop yields, aligning well with Graincorp's volume-based business model. This allows the company to capitalize on increased storage and handling volumes. Additionally, Graincorp's strategic infrastructure investments have bolstered its capacity to manage larger crop volumes efficiently. The sector's defensive nature further provides stability against broader market downturns, positioning Graincorp as a resilient option for investors seeking long-term growth amid market volatility.

### **DroneShield (DRO)**

The ongoing conflicts in Ukraine and the Middle East have underscored the critical importance of counter-drone technology, driving a surge in demand. DroneShield, a leader in AI-driven counter-drone solutions, is well-positioned to capitalize on this trend. As the global anti-drone market is projected to reach \$22.08 billion by 2033, growing at a CAGR of 28.5%, DroneShield's advanced technology and strong government partnerships give it a competitive edge. The increased focus on national security by governments worldwide ensures a steady stream of demand for its solutions, which include detection and neutralization capabilities. DroneShield's ability to adapt to evolving threats positions it as a key player in this rapidly expanding market.

### **Wisetech (WTC)**

Wisetech's current price-to-earnings (PE) ratio of around 170 indicates a premium valuation, presenting a high risk of a market pullback. Historically, the company has experienced four significant pullbacks averaging 47% when trading at these levels since 2018. Additionally, recent allegations surrounding founder Richard White have created uncertainty, potentially leading to a shift in leadership. Such a transition could come at a critical time as Wisetech focuses on expanding its presence in the UK market. Investors need to weigh the risks associated with these valuation levels against the company's long-term growth prospects, especially given the possibility of leadership changes.

### **Guzman y Gomez (GYG)**

Guzman y Gomez (GYG) has consistently traded at a premium since its listing, but recent stock performance suggests waning momentum. Despite releasing a positive Q1 FY25 update, the stock has struggled to reach new highs, indicating potential buyer fatigue at current levels. With a significant amount of shares set to be released from escrow in the coming months, selling pressure could weigh on the stock. This increase in available shares, combined with intense competition in the quick-service restaurant (QSR) industry, may make it difficult for new buyers to drive further gains. As GYG's valuation remains elevated, delivering consistent financial performance will be key to sustaining investor interest.



# US STOCK NEWS

## The Week that was in US Stocks

The surge in US jobless claims to a one-year high had a moderately negative impact on US equity markets this week. The S&P 500 and Dow Jones Industrial Average experienced slight declines following the release of the jobless claims data.

### Key Factors

- **Jobless Claims Surge:** Initial jobless claims rose to 258,000 for the week ending October 5, the highest level since August 2023, largely due to Hurricane Helene.
- **Inflation Data:** The jobless claims report coincided with the release of Consumer Price Index (CPI) data, showing slightly higher-than-expected inflation.

### Market Reaction

- **Stocks:** The Dow Jones Industrial Average fell 0.14%, the S&P 500 lost 0.21%, and the Nasdaq Composite dropped 0.05%.
- **Bonds:** The 10-year Treasury yield rose to 4.099% in morning trading.

The market's reaction was relatively muted, with slight declines in major indices as investors balanced this information with other economic data. The temporary nature of the jobless claims increase, attributed to Hurricane Helene, somewhat mitigated market concerns.

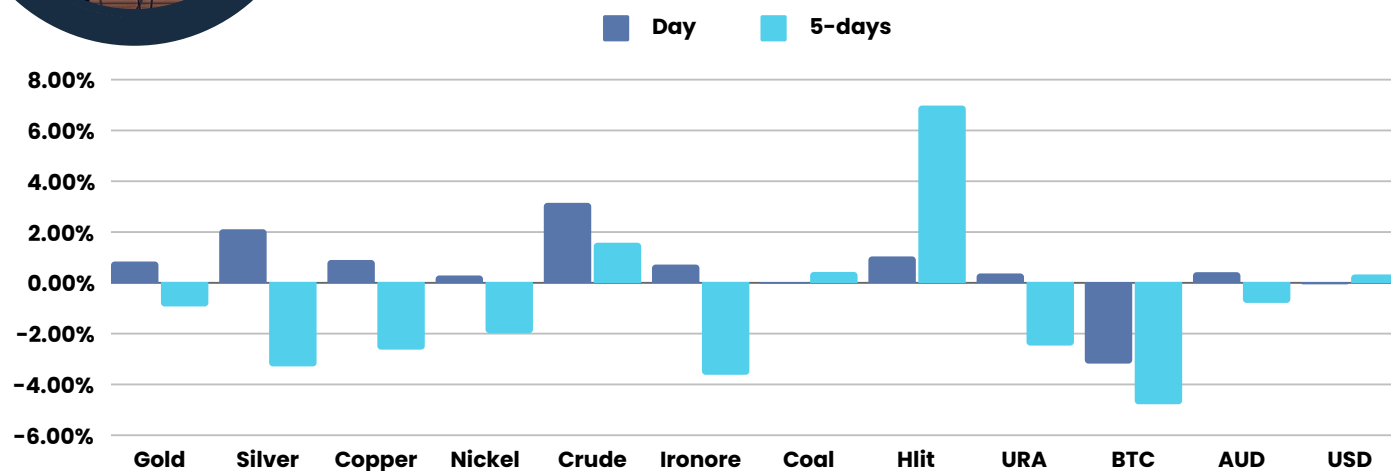
### US Earnings

US Earnings kick off with the banks on Friday night, Next we see Americas largest Healthcare name United health, Netflix, Goldman Sachs, Citi amongst others





# COMMODITIES & FX



**Gold:** Gold fell as low as \$2605 earlier in the week but recovered after the higher inflation prints. Its now trading around the \$2640 level

**Silver:** Silver was sold off early in the week and fell as low as \$30.25. Like Gold it recovered and back above \$31 today. For now the resistance level around \$32.50 is the upside resistance that needs to break before the Silver Bulls are proven correct

**Uranium:** Uranium prices were relatively quiet this week as it consolidates the gains from the recent bounce. Like other commodities it was weak early in the week and recovered

**Crude Oil (WTI):** Another volatile week for Oil traders with a roughly 10% range for the week. Oil was weak early in the week on the back of talks of peace in the middle east, but has now jumped back to \$76 as Israel continued military action

**Copper:** Copper has been weak this week falling from \$4.60 down to \$4.40. Unfortunately the bounce has not been as strong and is trading around the \$4.46 level

**Iron ore:** Iron Ore was quiet this week as it managed to hold above \$100. Miners were volatile though as they follow the volatility in Chinese markets

**Bitcoin:** BTC has disappointed yet again and traded under \$60k during the week. Its back above \$60k again but it looks like the Tradfi guys are wearing out the BTC maxi's. Similar action for ETH as it struggles around the \$2400 level

**Palladium:** Palladium chart was the strongest out of the metals this week as it surged to the \$1100 level. This is the top end of the range and will need to break \$1125 to bring in the momentum traders



# ECONOMY & POLITICS

## A Stimulus Wrapped in Uncertainty

China's recent stimulus measures have generated more speculation than clarity. After the Politburo's announcement of "necessary" actions, markets briefly rallied, but any significant fiscal boost remains uncertain. While the central bank has eased monetary policy, the Finance Ministry is withholding details, possibly waiting for the outcome of the U.S. elections and potential trade conflicts. Xi's focus on national security, industrial self-reliance, and controlling asset bubbles suggests limited enthusiasm for large-scale household or infrastructure support. His priorities center on geopolitical goals, not short-term economic fixes, which means any stimulus will be carefully measured. This approach follows his earlier crackdown on property developers and tightening credit. While China aims to meet its 5% growth target, the strategy remains aligned with Xi's long-term vision, leaving global observers to tread cautiously and temper expectations for a major economic boost.

## Israeli airstrikes on central Beirut kill 22

Israeli airstrikes on central Beirut Thursday night killed 22 people and wounded at least 117, according to Lebanon's health ministry

The attack targeted two residential buildings in separate neighborhoods of western Beirut, bringing down one multi-story building and damaging another. This marked a significant escalation in Israel's conflict with Hezbollah in Lebanon. On the same day, Israeli forces fired on United Nations peacekeepers in southern Lebanon, wounding two of them.

The UN peacekeeping chief stated that the safety of their forces in Lebanon is "increasingly in jeopardy"

Additionally, an Israeli strike on a school sheltering displaced people in central Gaza killed at least 27 people, including women and children, according to Palestinian medical officials

Israel claimed it targeted a militant command center inside the school

## WHAT WE ARE READING



[Israel strikes central Beirut, killing 22 and injuring 117](#)



[China unleashes stimulus blitz to hit annual growth goal](#)



[How big of a problem is Europe's declining working age population?](#)



# TRADE OF THE WEEK

## Stock picks in times of turmoil

### Stock picks in times of turmoil

Mark Gardner from MPC Markets highlights the economic impact of recent hurricanes in the US, with losses estimated around \$170–200 billion. Companies like JJ have mixed reactions, but Mark notes that investments in gold and DroneShield (ASX: DRO) could be advantageous amid the chaos.

Mark also mentions the growing interest in defence stocks, including DroneShield and the newly launched defence ETF. However, he remains cautious about relying solely on geopolitical events for investment decisions, preferring gold due to potential US credit downgrades.

Mark observes unexpected market resilience despite devastation and geopolitical tensions. He expresses concerns about the US debt crisis and scepticism over Fed actions, suspecting political influence on economic data ahead of the US election.



\*\*\*GENERAL ADVICE ONLY\*\*\*

# Disclaimer

## Our Commitment

The Weekend edition or Bulls vs Bears is produced by Milton Park Equities Pty Ltd (ABN 33 668 234 562), as a Corporate Authorised Representative of LeMessurier Securities Pty Ltd (ABN 43 111 931 849) (LemSec), holder of Australian Financial Services Licence No. 296877, offers insights and analyses formulated in good faith. Our evaluations and projections are grounded in the known facts at the time of creation and aim to provide a comprehensive view of the anticipated financial landscape in 2024. However, readers should be aware that these projections are estimates and may not fully materialize.

## Scope and Application

The insights within MPC Markets The Weekend edition or Bulls vs Bears are crafted for a broad audience and do not specifically cater to individual investment objectives, financial situations, or needs. Readers should consider the suitability of the advice in relation to their personal circumstances before making any investment decisions.

## Research Integrity and Use

The research and content of MPC Markets The Weekend edition or Bulls vs Bears are intended solely for our readers and should not be copied, distributed, or shared without proper attribution. While we strive to ensure accuracy and relevance, Milton Park Equities cannot guarantee the continuous updating or correction of the information or opinions expressed within the publication.

## Disclaimer of Liability

Milton Park Equities, in its capacity as a Corporate Authorised Representative of LemSec, disclaims any responsibility for losses or damages arising from reliance on the opinions, advice, recommendations, or information—whether direct or implied—contained in the MPC Markets The Weekend edition or Bulls vs Bears, notwithstanding any errors, omissions, or instances of negligence.

## Analyst Objectivity

All research analysts contributing to the MPC Markets content affirm that the views expressed represent their personal opinions regarding the subject companies and financial products covered in the publication.

## Copyright and Usage Rights

The content of MPC Markets The Weekend edition or Bulls vs Bears is the property of Milton Park Equities Pty Ltd, either through ownership or licensing agreements. Unauthorized reproduction, adaptation, linkage, framing, broadcasting, distribution, or transmission of this material is prohibited without express written permission from Milton Park Equities, except for personal use or as allowed by applicable laws.