



BULLS vs BEARS

MPC Markets – Weekly edition

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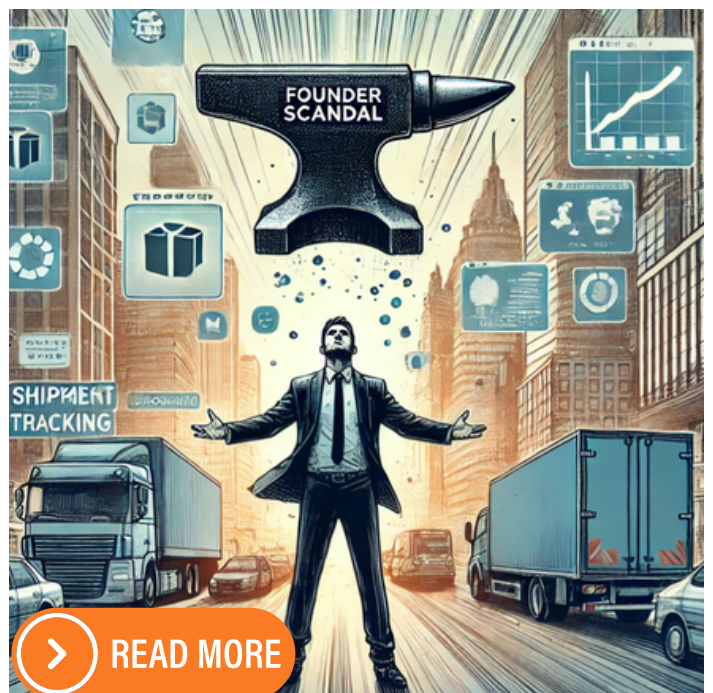
On SBS News, Kai discussed the ASX rally, driven by strong global corporate earnings and central bank easing. He highlighted the rise in uranium stocks due to tech giants investing in nuclear energy projects. Additionally, he noted strong Australian jobs data, suggesting the RBA may hold rates steady amid economic resilience.



IS WISETECH THE NEXT VICTIM OF “FOUNDER SYNDROME”?

When a founding CEO becomes embroiled in a scandal, be it personal or business related, the repercussions can be severe, particularly for shareholders. Historically any form of CEO succession give investors nerves, but generally the long-term results, generally speaking, are usually are not as bad as the initial knee-jerk reaction, but...sometimes they are catastrophic

Richard White, the visionary behind WiseTech Global, has been a driving force in the company's growth since its inception. However, recent allegations have cast a shadow over his leadership. While these allegations are unproven at this stage, questions have emerged about the public handling of the situation so far, particularly as it centres around a \$90,000 dispute, which is a pittance for the man reportedly worth \$11b and may. While this is not technically a WiseTech problem, the problem with rockstar founding CEO's is, that the man and the company are one.



READ MORE



STOCKS

HIGHLIGHTS OF THE WEEK

Uranium Stocks

The uranium industry is experiencing a significant surge, with uranium miners and developers recording substantial gains across the board. Growing interest in nuclear power from major tech companies, particularly for powering their data centers and supporting artificial intelligence (AI) initiatives. Microsoft recently announced a 20-year power purchase agreement with Constellation Energy, paving the way for the restart of Three Mile Island Unit 1. This move is part of Microsoft's commitment to decarbonize the grid and become carbon negative. Following Microsoft's lead, Amazon Web Services (AWS) has also embraced nuclear power, planning to invest over \$500 million in small modular nuclear reactors (SMRs). AWS CEO Matthew Garman emphasized the need for gigawatts of power in the coming years and the limitations of wind and solar projects to meet these demands. The company sees nuclear power as a pathway to achieving net-zero carbon emissions while supporting its expansion into generative AI.

Bank of Queensland (BOQ)

shares are up 4.47% in morning trade, outperforming the ASX 200 which is down 0.26%, following the release of its FY 2024 financial results. Despite reporting a 24% year-on-year decline in cash net profits after tax to \$343 million and an 8% drop in revenue to \$1.60 billion, the bank's share price is charging higher. This positive market reaction may be attributed to the bank's 130% increase in statutory NPAT to \$285 million, improved loan impairment expense, and CEO Patrick Allaway's optimistic outlook on the company's transformation and future shareholder returns. The bank's performance was impacted by higher funding costs, inflation, and investment in risk, compliance, and technology, but management expects stable margins and revenue benefits from business bank growth in the coming year.

Hillgrove (HGO)

Hillgrove Resources Limited (ASX: HGO) has announced a significant update to its Mineral Resource Estimate (MRE) and a Maiden Ore Reserve for the Kanmantoo Copper Mine in South Australia. The company reported a substantial 96% increase in contained copper and a 138% increase in contained gold compared to the 2022 MRE. The updated 2024 MRE now stands at 19.3 Mt grading 0.77% Cu and 0.14g/t Au, containing 150 kt of copper and 82 koz of gold

Flight Centre (FLT)

FLT plummeted 16.5% following the release of its operational review and trading update for FY 2025. Despite highlighting efficiency improvements since the pandemic, including better revenue and cost margins, investors are selling off shares due to an uncertain growth outlook. However, FLT expects profits to be heavily weighted towards the second half of FY 2025, with guidance to be provided at the AGM on November 14.



US STOCK NEWS

Banks provide solid start to earnings

JPMorgan Chase – shares rose nearly 5% on Friday after profit beat expectations in the third quarter, fueled by gains in investment banking and rising interest payments. JPMorgan's investment-banking fees surged 31%, doubling guidance of 15% last month. Equities propelled trading revenue up 8%, exceeding an earlier 2% forecast.

Goldman Sachs – reported strong third-quarter results for 2024, with earnings per share increasing by 54% year-over-year to \$8.40 and net revenues reaching \$12.7 billion. The company's performance exceeded analysts' expectations, driven by robust growth in its Global Markets division and investment banking sector. Goldman's Asset and Wealth Management segment achieved a record of over \$3 trillion in assets under supervision, marking 27 consecutive quarters of net inflows. The company's return on equity (ROE) stood at 10.4%, while its return on tangible equity (ROTE) was 11.1%. Following these results, several analysts, have raised their price targets for Goldman Sachs stock, reflecting confidence in the bank's growth trajectory

Netflix – The steaming service reported upbeat guidance Thursday following third-quarter results that topped Wall Street expectations as the streaming giant added more subscribers than expected in quarter. Netflix was up more than 3% in afterhours following the results. Netflix reported earnings of \$5.40 a share on revenue of \$9.83B, topping estimates for earnings of \$5.12 a share on revenue of \$9.77M. The streaming giant added in 5.07M users in Q3, well above the 4.54M estimated

TSMC – The worlds largest chip maker, TSMC reported that third-quarter revenue increased 39.0% year-over-year, while net income and diluted EPS both increased 54.2%. The company cited strong smartphone and AI-related demand. TSMC's CEO C.C. Wei said, "[w]e continue to observe extremely robust AI related demand from our customers throughout the second half of 2024, leading to increasing overall capacity utilization rate for our leading 3 nanometer and 5 nanometer process technologies." They now forecast the revenue contribution from server AI processors to more than triple this year, and account for mid-teens percentage of our total revenue in 2024. As a result, TSMC now forecasts that its full-year revenue will increase by close to 30% in US dollar terms.. When asked if the AI demand is real and sustainable, Wei said it is "real."



US STOCK NEWS

Next weeks earnings

Next week's earnings calendar in the US features two tech giants: Tesla and Amazon. Both companies are set to report their Q3 2024 results, with Tesla scheduled for October 24 and Amazon expected on October 26.

Tesla - Q3 earnings are highly anticipated, following a 22% stock rally over the past quarter. Analysts expect revenue of approximately \$25.55 billion, up 8% year-over-year

However, earnings per share are projected to decline slightly compared to the same period last year. Investors will be closely watching Tesla's margins, which have been under pressure due to recent price cuts and promotions

The company's progress on the Robotaxi project and updates on Full Self-Driving technology will also be key focus areas

Amazon - analysts are forecasting Q3 revenue of around \$141.5 billion, with earnings per share estimated at \$0.58

The company's North America segment and AWS (Amazon Web Services) performance will be crucial. The North America operating margin is expected to be around 5.7%, while AWS margin projections range from 30% to 37%

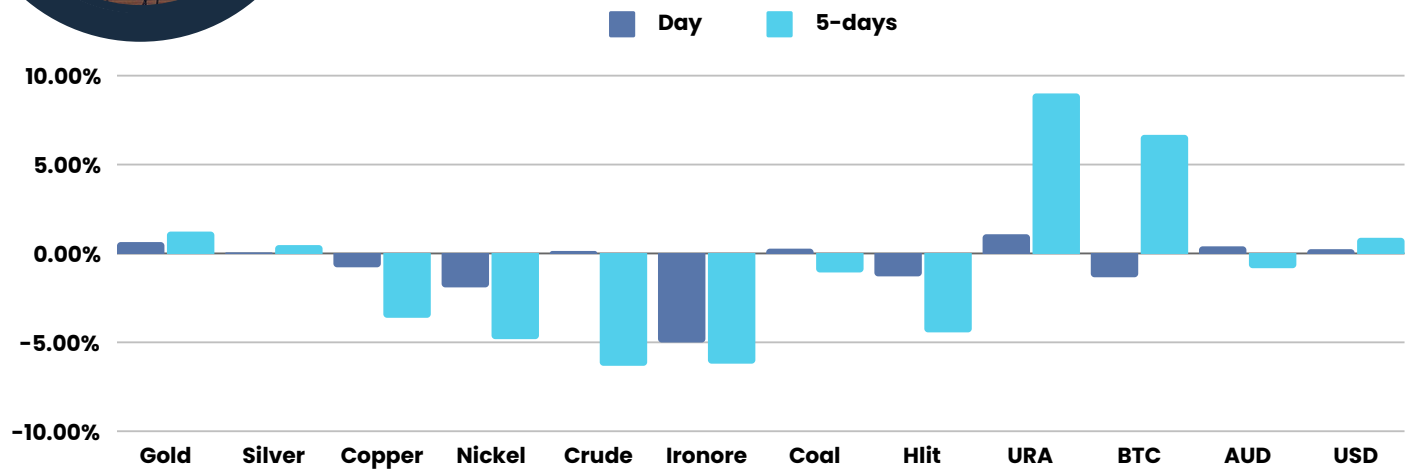
Investors will be keen to hear Amazon's outlook for the upcoming holiday season and any updates on AI initiatives.

Both earnings reports will provide valuable insights into the tech sector's health and consumer spending trends heading into the final quarter of 2024.





COMMODITIES & FX



Gold: After hitting a low of \$2605 last week Gold has been in a steady rise. The rise has sent Gold to new highs, spot Gold traded at \$2700 overnight. This recent pullback was very shallow and shows the continued bid for the commodity

Silver: Silver has been consolidating around the \$31 to \$32 level for a few weeks now. Silver has been lagging Gold during this period and bulls are expecting some catch up if it can break out. Some continued trading above \$33 will be needed to confirm the start of this catch up move

Uranium: Uranium rallied on the news that Amazon went nuclear. Amazon is investing \$500m to develop Small Modular Reactors. That's now 2 of the largest tech companies committing resources to Nuclear. They understand that data centres need energy and lots of it

Crude Oil (WTI): Crude Oil continues its volatile nature as it got sold off aggressively early this week, it fell from \$76 down to \$70 where it is consolidating. If there is no more action from the middle east then look for the recent lows around \$67 to be tested

Copper: Copper has continued its recent pullback as it made another low at the \$4.32 level. It is following the price action of the China stock market as traders digest that stimulus from two weeks ago

Iron ore: Iron ore slumped on investor doubts that China's latest moves to shore up the property market will do enough to boost construction activity

Bitcoin: BTC has traded another higher high touching \$68k, which is constructive, but the way that the volatility has been dampened shows that its possible that the ETF accumulators are bleeding out the Crypto Bro's



ECONOMY & POLITICS

Strong Labour market keeps RBA on hold

Australian employment surpassed forecasts for the sixth consecutive month in September, with the jobless rate holding steady at 4.1%.

This robust labor market data has diminished expectations for a rate cut by the Reserve Bank of Australia (RBA) this year. Net employment surged by 64,100, significantly exceeding predictions of 25,000, with most gains in full-time positions.

The RBA has maintained its policy rate at 4.35% since November, aiming to bring inflation to its 2-3% target range while preserving employment gains. However, underlying inflation remains persistent, and the labor market is only slowing gradually. This strong job market is keeping services inflation high, leading analysts to predict that rate cuts may not occur until late 2025, rather than the market-expected February 2025. This data suggests the RBA has little incentive to adjust its current monetary policy stance in the near term.

35 New Countries To Abandon US Dollar at 2024 BRICS Summit

The BRICS 2024 summit is set to see 35 emerging economies potentially abandoning the US dollar for trade, opting instead for native currencies in settlements. This move aims to boost their GDP and local businesses.

The initiative was sparked by US sanctions on Russia in 2022, which raised concerns among developing nations about their economic vulnerability. Russia and China have been leading the de-dollarization effort, convincing other countries to join the gold backed alliance.

US Treasury Secretary Janet Yellen acknowledged that sanctions have contributed to this trend.

The upcoming summit could be a turning point for the US dollar's global dominance, as emerging economies may decide to cut ties with it. This shift could significantly impact the dollar's role in global supply and demand dynamics, potentially straining its position as the world's primary reserve currency.

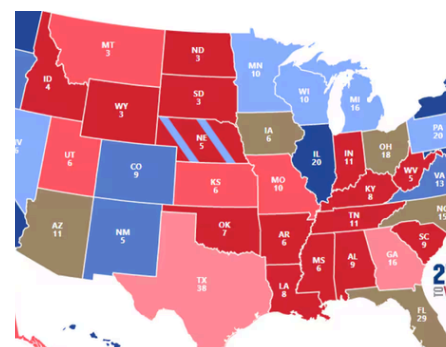
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TRADE OF THE WEEK

Sell WiseTech

Sell WiseTech (WTC)

This market darling rarely sits in the sell column at its current PE of around 170, there is definitely a high risk of a pullback at this valuation. Since 2018, Wise tech has seen 4 pullbacks of 47% on average when valuations have reached these levels.

Adding to the risk is the unfavourable allegations in the press around the Founder Richard White, which could put pressure on the Wisetech board to remove the founder

Historically, we have always had WTC at the top of our "buy the dip" list, but the thing we are now having to consider is, do we continue to "buy on the dip" if the current situation unfolds poorly?

For now, we aren't so sure and will happily remain spectators until the situation unfolds.



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