



BULLS vs BEARS

MPC Markets – Weekly edition

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MPC IN THE MEDIA

Jonathan joined Juliette for The Call on Wednesday which was also Lunar New Year. Jonathan used this day to discuss how China has such a dominant position on a lot of critical minerals and supply chains. China also dominates nearly all of the emerging technologies such as Solar, EV's and Batteries. Now with the release of DeepSeek, China has shown they are equal in AI and has the USA now doing a lot of soul searching



DEEPSEEK DISRUPTS THE AI ECOSYSTEM

The launch of Chinese start-up DeepSeek's AI model disrupted global markets, triggering a sharp sell-off in US tech stocks. Nvidia, at the center of the AI boom, saw its share price drop 17%, erasing \$600 billion in market cap. DeepSeek's emergence has raised concerns about the perceived dominance of US firms in AI. DeepSeek's R1 model reportedly matches OpenAI's performance at a fraction of the cost. Despite US export restrictions on advanced Nvidia chips, DeepSeek has developed a competitive AI system for an estimated \$5 million—significantly lower than the billions spent by US tech giants. While the true cost remains unclear, its capabilities have been validated, challenging assumptions about AI investment. As competition intensifies, DeepSeek's success highlights China's growing strength in AI, signaling a more balanced global race and forcing investors to reassess valuations and growth prospects of US tech leaders.





STOCKS

HIGHLIGHTS OF THE WEEK

Telix Pharmaceuticals (TLX) surged 5.5% to \$29.03 following the completion of its acquisition of RLS (USA), the only Joint Commission-accredited radiopharmacy network in the U.S. With over 30 sites, this enhances Telix's U.S. footprint in PET, SPECT, and therapeutic radiopharmaceuticals. Additionally, Telix acquired assets from antibody engineering firm ImaginAb for \$US45 million (\$72.5 million), securing a drug candidate pipeline, a biologics technology platform, and a research facility. The deal includes \$US10 million in cash and \$US31 million in equity via 2,053,311 fully paid Telix shares. These acquisitions strengthen Telix's position in radiopharmaceutical innovation.

ResMed (RMD) exceeded earnings expectations in Q2, driven by strong demand for sleep devices and masks, despite concerns that weight-loss drug adoption would dampen sales. Revenue grew 10% to \$1.3 billion, while net income surged 65% to \$US344.6 million (\$555 million), supported by expanding profit margins. CEO Mick Farrell noted rising health awareness among consumers using sleep apnoea devices alongside weight-loss treatments and wearable technology. ResMed shares have climbed 36% over the past year. Analysts reported revenue was 1% above consensus, with net income exceeding forecasts by 4%, reinforcing the company's resilience in a shifting market landscape.

Fortescue (FMG) Andrew Forrest has launched an off-market bid to acquire Red Hawk, securing its Blacksmith iron ore deposit near Fortescue's Pilbara operations in a deal worth up to \$254 million. Red Hawk's board has agreed to the sale, pending shareholder approval. An independent expert deemed the offer fair and reasonable, with Fortescue offering \$1.05 per share, increasing to \$1.20 if it secures 75% ownership by February 4. The initial bid represents a 28% premium to Red Hawk's last traded price of 82¢, rising to 46% if the higher offer is met. The acquisition aligns with Fortescue's long-term growth strategy.

Mesoblast (MSB) is set to launch its cell therapy product, Ryoncil, this quarter following \$US160 million (\$260 million) in financing for its US commercial rollout. CEO Dr. Silviu Itescu emphasized the company's commitment to making the treatment available swiftly for children in need, with the team working diligently to ensure a successful launch. Mesoblast shares surged 54% on December 19 after receiving FDA approval for Ryoncil, marking a significant milestone for the company. The therapy addresses complications arising from bone marrow transplants, positioning Mesoblast for strong market entry amid a volatile share performance over the past decades.



US STOCK NEWS

US Earnings and News

Microsoft reported strong fiscal Q2 2025 results

Microsoft reported strong fiscal Q2 2025 results, with revenue reaching \$69.6 billion, up 12% year-over-year, and earnings per share at \$3.23, both surpassing estimates. The Productivity and Business Processes segment grew 14%, while Intelligent Cloud revenue increased 19%. However, Azure's 31% growth fell short of expectations, causing investor concern. Microsoft's AI business showed impressive growth, surpassing \$13 billion in annual revenue run rate, up 175% year-over-year. Despite this, high capital expenditures and growing competition from cheaper AI models raised concerns. The company's Q3 Azure growth forecast of 31-32% fell below expectations, leading to a 5% drop in shares during after-hours trading. CEO Satya Nadella emphasized the company's focus on AI innovation, while CFO Amy Hood stressed balancing operational discipline with continued investments in cloud and AI infrastructure.

Atlassian stock soars 18% on earnings beat

Atlassian reported strong Q2 FY2025 results, with revenue of \$1.29 billion, up 21% year-over-year. Subscription revenue grew 30% to \$1.21 billion, driven by Cloud and Data Center offerings. The company's non-GAAP operating income was \$335.1 million, with a 26% margin. Free cash flow reached \$342.6 million. Atlassian's focus on enterprise customers, AI capabilities, and the System of Work is paying off, with a record number of deals over \$1 million in annual contract value. The company now has 49,449 customers with over \$10,000 in Cloud ARR, up 15% year-over-year. Atlassian raised its FY2025 outlook, projecting total revenue growth of 18.5% to 19.0% and Cloud revenue growth of approximately 26.5%. The company continues to invest in R&D and sales to support its strategic priorities while maintaining strong financial performance.

Tesla sees disappointing fourth-quarter

Tesla reported mixed Q4 and full-year 2024 results. Revenue grew 2% year-over-year to \$25.7 billion in Q4, while full-year revenue increased 1% to \$97.7 billion. Q4 net income was \$2.3 billion, down 71% year-over-year, with full-year net income at \$7.1 billion, a 53% decrease. Vehicle deliveries reached 495,570 in Q4, up 2% year-over-year, but slightly declined for the full year. Energy storage deployments saw significant growth, up 244% in Q4. The company achieved record gross profit in its Energy business and completed construction of Megafactory Shanghai. Tesla continues to focus on cost reduction, with COGS per vehicle reaching an all-time low of under \$35,000. Looking ahead, Tesla expects vehicle business growth in 2025, plans to launch new, more affordable models, and projects at least 50% year-over-year growth in energy storage deployments.

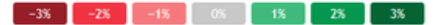


US STOCK NEWS

US Earnings and News



SBP 500 Index Market cap Performance D, %

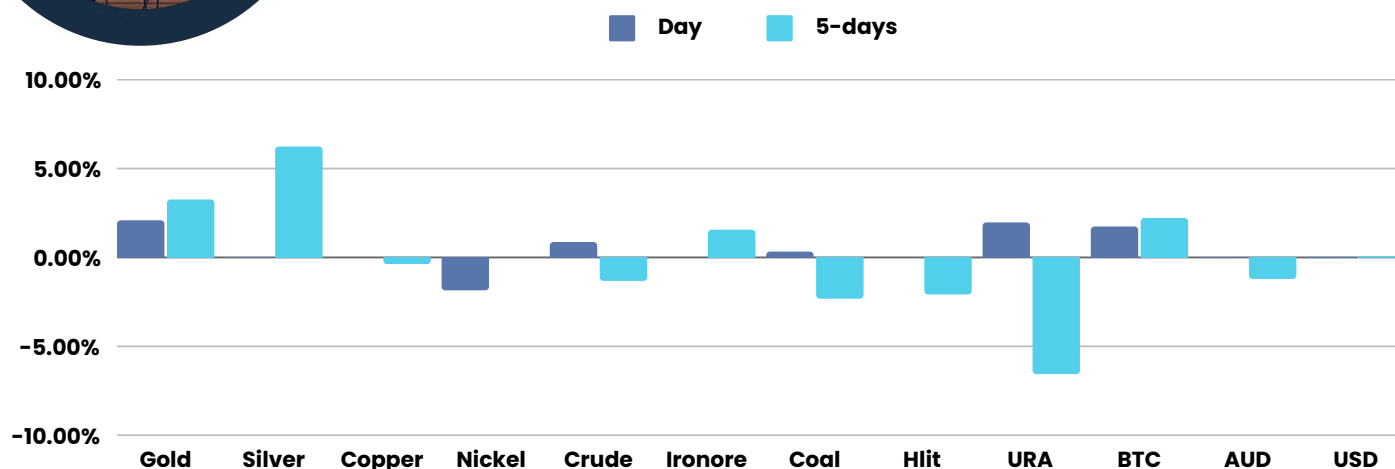


TradingView

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COMMODITIES & FX



Gold: Gold has continued higher and has made a new all time high at \$2798 on the spot market. Gold futures has printed \$2850. So look for some consolidation at these levels briefly before it continues higher

Silver: Silver was quiet through the week but has broken out to the upside overnight as it traded at \$31.65. \$32 is the next target and this level needs to break quickly for Silver to maintain pace with Gold

Copper: Copper has been the laggard of the metals this week as it has been mainly range bound trading around the \$4.30 level. Spot copper will need to test the \$4.50 level to get the uptrend back in play

Uranium: Uranium has had a very volatile week as it got sold off hard on the DeepSeek news earlier in the week but it has recovered nicely and clawed back a lot of the losses. Uranium is still lower for the week but the strong rebound shows there is still demand

Crude Oil (WTI): Oil continues to trend lower but at least the pace has slowed. Crude traded as low as \$71.70 overnight and will have to find support around the \$72 level or else its back to the lows of last year around the \$67 level

Iron ore: The iron ore price firmed this week around \$US105 a tonne. Market seems still concerned about a China slow down

Bitcoin: Bitcoin had a brief dip below \$100k earlier this week but has since recovered and trading around \$105k. Chart looks constructive and with the breakout in Gold, look for new highs to be printed next week

US Dollar: DXY has found support around the 108 level as the recent decline looks to have found some buyers



ECONOMY & POLITICS

Trump lashes out at Biden

Former President Donald Trump criticized President Biden's diversity, equity, and inclusion (DEI) initiatives following a plane crash at Washington's Reagan National Airport. Trump linked the crash to DEI policies, suggesting they compromised safety standards in the aviation industry. The incident involved an American Airlines flight that skidded off the runway during landing, with no reported injuries. Trump's comments, made on his social media platform Truth Social, accused the Biden administration of prioritizing DEI over competence and safety. The Federal Aviation Administration (FAA) and National Transportation Safety Board (NTSB) are investigating the crash, with no immediate indication that DEI policies played a role. The incident has reignited debates about the impact of DEI programs on various sectors, including aviation safety.

Three Israelis and five Thais freed from Gaza

A recent hostage exchange between Israel and Hamas resulted in the release of two Israeli-Russian dual citizens and 10 Thai nationals from Gaza. The deal, mediated by Qatar and Egypt, marks a significant development in ongoing negotiations. The freed Israelis, both in their 60s, were among those captured during Hamas' October 7 attack. The Thai hostages, part of a larger group of foreign workers taken captive, have been reunited with their families. This exchange follows a previous week-long truce in November, during which over 100 hostages were released. Approximately 130 hostages are believed to still be held in Gaza. The Israeli government faces pressure from hostages' families to secure more releases. Meanwhile, international efforts continue to broker a longer ceasefire and address the humanitarian crisis in Gaza, where over 26,000 Palestinians have been killed in the ongoing conflict.

WHAT WE ARE READING



[OpenAI in talks to raise funding that would value AI startup at up to \\$340 billion](#)



[Apple Q1 results top estimates on stronger services revenue, but iPhone sales miss](#)



[US Fed cools rate cut talk as prospects of RBA easing balloon](#)



TRADE OF THE WEEK

Paragon Care (PGC)

Paragon Care looks like a promising investment after its recent merger with CH2, a fast-growing healthcare distribution company.

Why Paragon Care Looks Attractive

- **CH2's Growth:** Since 2017, CH2 has expanded its market share in pharmacy wholesaling from 0% to 7%.
- **Unique Position:** It's the only independent distributor among major competitors.
- **Market Potential:** There's an opportunity to capture up to 44% of the non-aligned pharmacy market.
- **Strong Leadership:** CH2's managing director, David Collins, is now leading the merged company.
- **Cost Savings:** The merger allows for big savings

There are always risks in the healthcare distribution industry, but Paragon Care's smart merger and strategic focus position it well for future growth. Technically PGC has been consolidating and has just broken out touching 52.5c. Wilsons has just gone substantial on PGC in a news release two weeks ago. So with one of the more popular fund managers on board, we can buy PGC on an uptrend where the downside risk is easily managed



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

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