BULLS vs BEARS

MPC Markets - Weekly edition

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MPC IN THE MEDIA

Jonathan joined Juliette on The Trade on Wednesday and he talked about ETFs that could help investors during this volatility. He talked about BUGG, which is a cybersecurity ETF. He also talked about ZYUS which is an ETF that invests in S&P500 companies that pay dividends and AYLD which is a covered call ETF on S&P500 stocks. Jonathan also answered a viewer question about how to take profits and stop out of positions

BEAR MARKETS CAN BE AN OPPORTUNITY

A bear market occurs when major stock indices fall 20% or more from recent peaks, signaling investor anxiety and market uncertainty. History, however, offers perspective: since 1945, the S&P 500 experienced 15 bear markets, averaging a 32% drop over 11 months, followed by recoveries lasting about 1.7 years.

Bear markets, though stressful, create opportunities. Legendary investor Shelby Davis emphasized that significant wealth often accumulates unnoticed during downturns. Emotional reactions—panic selling or waiting for ideal conditions—typically lead to missed recoveries. Peter Lynch noted recoveries often start amidst bleak conditions, reinforcing that market timing is less crucial than disciplined investing.

Investors should adopt a structured approach:

regularly invest fixed amounts, avoid emotionally driven trades, prioritize quality stocks, and maintain a long-term perspective. Bear markets, while daunting, offer rare opportunities to purchase strong companies at reduced prices. The key takeaway: discipline and patience during downturns consistently reward investors over time.

READ MORE

STOCKS

HIGHLIGHTS OF THE WEEK

Star Entertainment Group (SGR) Star Entertainment reported a larger-than-expected first-half loss of A$136 million, driven by high remediation costs and weaker consumer spending, missing analyst forecasts. Revenue fell sharply, with Sydney and Gold Coast casinos hit by regulatory reforms, adverse weather, and property closures. A recent A$300 million rescue package from Bally's offers a lifeline as the company faces ongoing regulatory scrutiny.

BHP (BHP) BHP reported record nine-month production for both copper and iron ore, with copper output reaching 1.5 million tonnes, boosted by a 20% rise at Chile's Escondida mine and strong results elsewhere. Iron ore production also hit a record, overcoming cyclone disruptions in Western Australia and increased output at Brazil's Samarco mine. CEO Mike Henry cautioned that broader economic and trade uncertainties could pose greater challenges than tariffs themselves.

Challenger Financial (CGF) Challenger has tightened its FY25 normalised net profit guidance to $450–$465 million, narrowing from the previous $440–$480 million range. In its third quarter update, the wealth manager reported funds under management fell 5% to $115.2 billion, while group assets under management dropped 4% to $125.6 billion for the quarter.

South 32 (S32) South32's third-quarter manganese ore production fell to 476,000 wet metric tons, down from 1.2 million a year earlier, as cyclone-damaged infrastructure in Australia's Northern Territory continued to impact operations. Output missed analyst expectations, which had forecast about 678,900 wet metric tons.

Drone Shield (DRO) DroneShield (ASX: DRO) secured five contracts worth $32.2 million from an in-country reseller, linked to a major Asia-Pacific military customer. The contracts cover vehicle-mounted and fixed counter-drone systems, with deliveries and payments expected in Q2 and Q3 2025. CEO Oleg Vornik highlighted growing demand for AI-based counter-UxS platforms. This follows earlier $12.3 million orders from the same reseller. A prior $75 million capital raise supports inventory and R&D expansion in AI and machine learning.

17th April 2025

US STOCK NEWS

Global Earnings and News

TSMC(TSM:NYSE) TSMC is finalizing a new advanced chip packaging method using square substrates, enabling more semiconductors per chip to meet soaring AI demand. Production is targeted for 2027 in Taoyuan. This innovation, crucial for clients like Nvidia and Google, aims to boost computing power beyond current round wafer standards, supporting the rapid growth of generative AI.

ALI BABA (BABA:NASDAQ) Chinese AI startup Zhipu, backed by Alibaba and Tencent, has hired CICC to lead its IPO, possibly filing by October 2025. Zhipu, a major ChatGPT competitor, recently raised 1 billion yuan from state-backed investors. Despite being on a U.S. trade blacklist, it claims its AutoGLM model outperforms OpenAI's GPT-4o, highlighting China's growing AI ambitions.

Nvidia (NVDA) Nvidia faces a $5.5 billion writedown after the Trump administration barred exports of its H20 chip to China, citing national security concerns. The H20, designed to comply with previous export rules, now requires an indefinite license for sale to China. Nvidia's shares dropped nearly 7% following the announcement, highlighting escalating U.S.-China tech tensions.

Alphabet (GOOG) Alphabet's Google faces a UK class action lawsuit seeking over £5 billion ($6.6 billion) in damages, alleging abuse of its dominance in online search to inflate ad prices and restrict competition. The news sent Alphabet's stock down nearly 1%, with the company vowing to contest the claims vigorously.

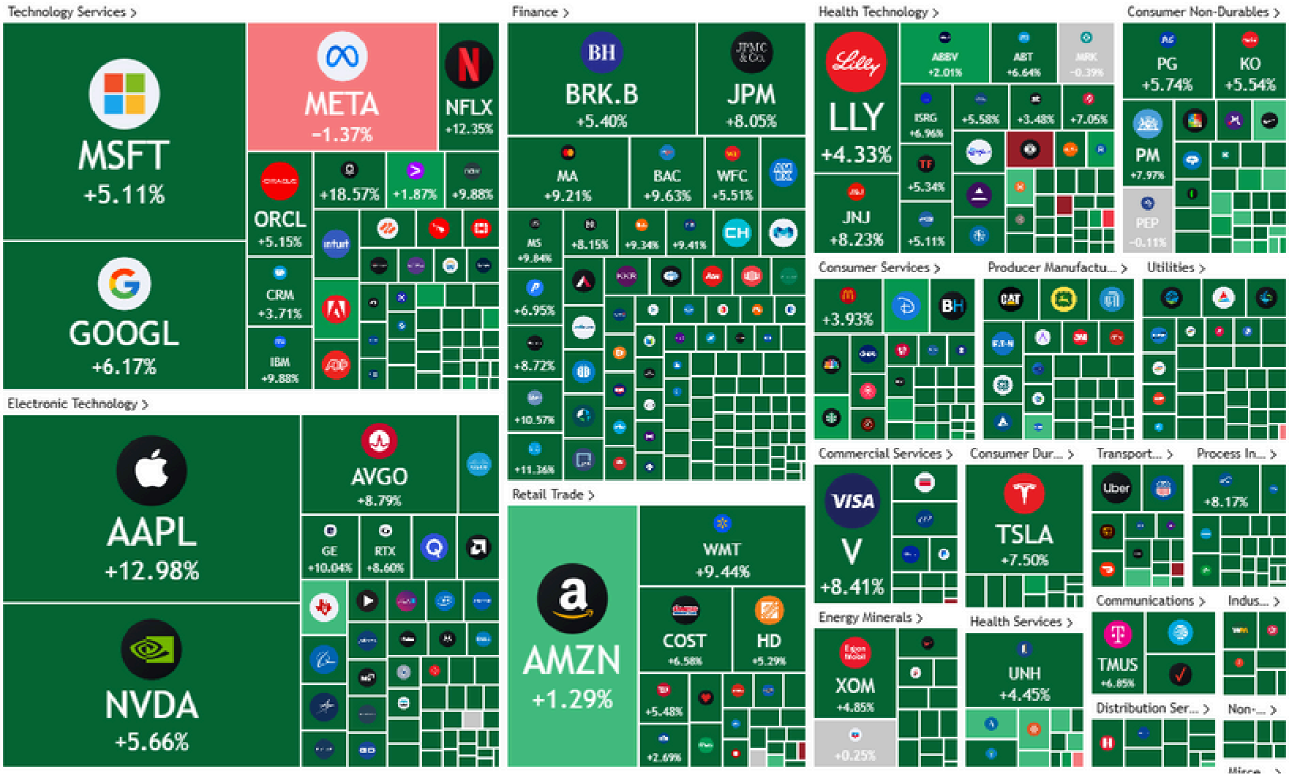
Bae Systems plc (BAE) BAE Systems goes ex-dividend on April 17, 2025, for a final dividend of 20.6p per share, payable June 2. The total 2024 dividend rises 10% to 33.0p. Dividend cover remains strong, with a yield near 2%, supported by robust earnings and record order backlog.

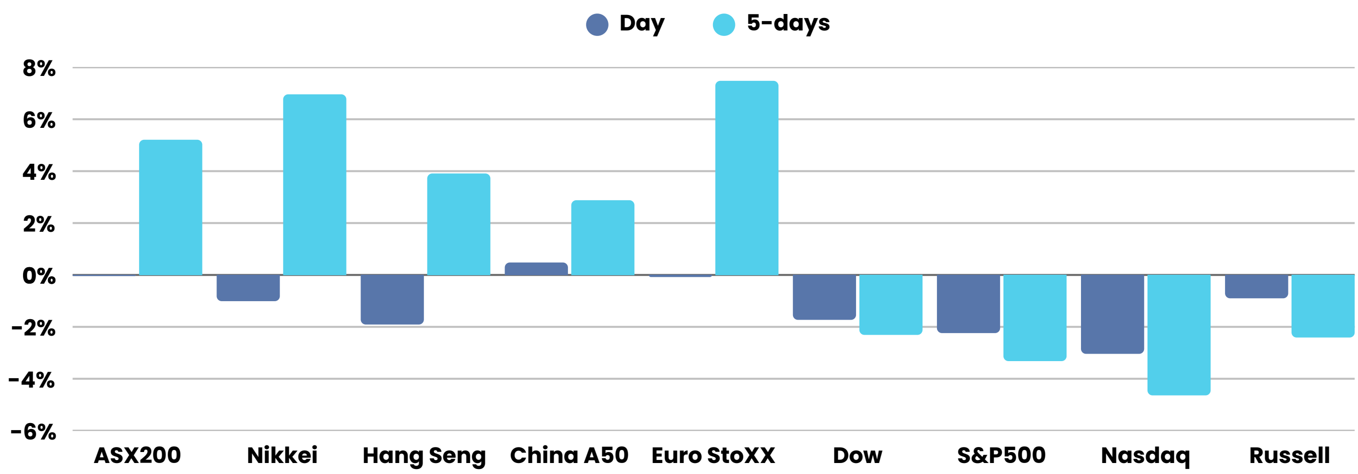
Shopify Inc (SHOP) Loop Capital lowered its Shopify price target from $150 to $120, citing concerns over an economic slowdown after a survey showed declining merchant sentiment. Despite this, the firm reiterated its Buy rating, expecting Shopify's operating and free cash flow margins to expand due to increased AI adoption

US STOCK NEWS

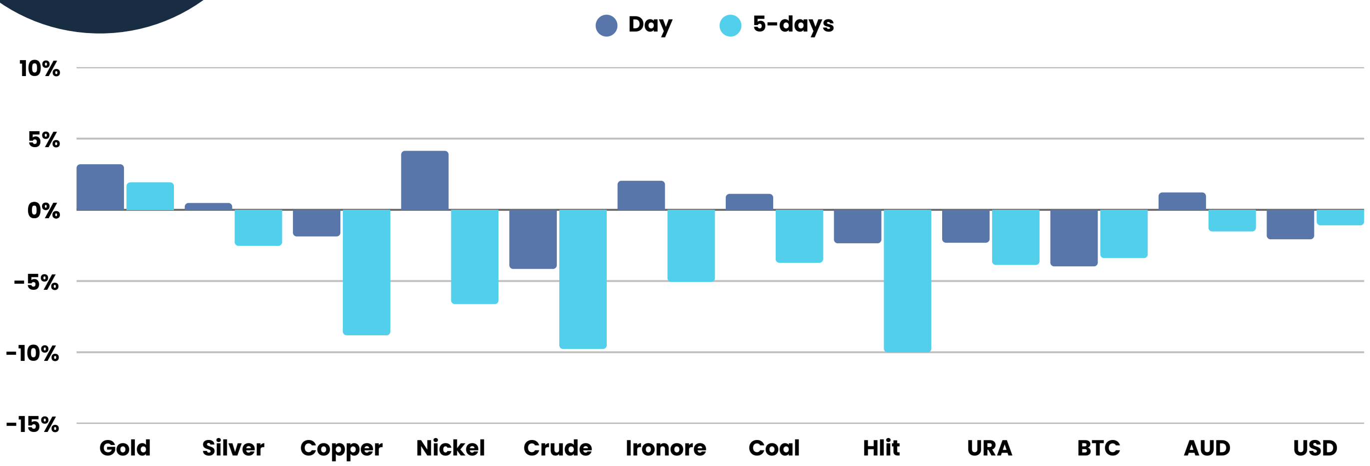
US Earnings and News

Weekly S&P500 heatmap





COMMODITIES & FX



Gold: The golden run for Gold continues as spot has reached another record high at $3340m, which is a 13% bounce from the lows. The Gold miners in the mean time have started to play catch with the GDX and GDX both bouncing 30% from the lows

Silver: Silver has recovered and traded as high as $33 this week. The bounce has not been as strong as Gold and is back trading around $32.50. Silver does look ready for a move to recent highs from here and the Gold/Silver ratio is at extremely overbought levels

Copper: Copper has been steadily rising this week and nearly hit $4.80 as the world tries to get back into risk on mode. It is now trading near the 2021/2022 highs so will need a good push to get it moving back to $5

Uranium: Uranium has been steady as the bounce off the lows has held up. Miners have been disappointing though as most are back at the lows

Crude Oil (WTI): Crude has been relatively quiet this week as it settled in a small trading range around the $61 level. It still looks undecided along with the rest of the market but looks like selling rallies is the higher probability play

Iron ore: Iron ore remains steady around the $100 a tonne level. Iron ore miners managed a small bounce during the week

Bitcoin: Bitcoin has been quiet this week as it traded in a small range around the $84k level. Altcoins on the other hand have been weak as most are trading near recent lows made during the volatility of the past two weeks

US Dollar: The DXY has settled in a range under the 100 level and looks likely to break down lows. Main beneficiary of this move has been the EUR as it trading around $1.14 which is a two year high

ECONOMY & POLITICS

Powell Warns of Fed's Tariff Dilemma: Balancing Inflation Risks and Slowing Growth

Federal Reserve Chair Jerome Powell warned that President Trump's tariffs could put the central bank in a difficult position, forcing it to choose between controlling inflation and supporting economic growth. Speaking in Chicago, Powell said tariffs are likely to push inflation higher while also slowing growth, creating a scenario where the Fed's dual mandate—stable prices and full employment—may come into conflict. He noted that if such tension arises, the Fed would assess how far the economy is from each goal and consider the different timeframes for closing those gaps.

Powell did not indicate any immediate changes to interest rates, emphasizing that the Fed is "well positioned to wait for greater clarity before considering any adjustments." He acknowledged that tariffs are "likely to move us further away from our goals ... probably for the balance of this year." While the direct link between tariffs and inflation is complex, Powell said they are "highly likely to generate at least a temporary rise in inflation," and the effects could persist depending on their scale and duration.

Recent data show slowing economic growth, with GDP expected to be flat or slightly negative in the first quarter of 2025, despite a boost in retail sales from consumers buying ahead of tariffs. Powell stressed the importance of keeping inflation expectations anchored, as markets anticipate potential rate cuts later in the year. Overall, Powell described the economy as in a "solid position" but acknowledged the heightened uncertainty and risks posed by the tariffs.

WHAT WE ARE READING

Trump tariffs won't lead supply chains back to U.S. but companies will go low-tariff globe-hopping

Fear of unemployment jumps to highest level since the pandemic

US begins probes into pharmaceutical and chip imports, setting stage for tariffs

TRADE OF THE WEEK

Golden Horse Minerals (GHM)

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Golden Horse Minerals Limited (GHM) is a mineral exploration company primarily focused on the acquisition, exploration and development of tenure in the vicinity of Southern Cross, Western Australia which is considered prospective for gold

GHM have come out with a second set of great drill results and this has helped the share price jump to 36c. With plenty of cash in the bank to continue drilling, it will only take a few more shallow hits of the same grade to turn this into a larger ore body potential and a rerate in share price. This is an exploration play though, which is risky so size accordingly

GHM was recommended as a buy at 36c and currently trading around 45c

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