BULLS vs BEARS

MPC Markets - Weekly edition

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MPC IN THE MEDIA

Kai Chen and Joshua Barker analyzed stocks on 'the call,' covering Deterra Royalties, Beach Energy, Monadelphous, Civmec, Australian Ethical Investment, Qantas, Centuria Industrial REIT, Light and Wonder, Sonic Healthcare, and Liontown. Kai emphasized Liontown's strong prospects, driven by the resurgent lithium market, highlighting its growth potential.

TRUMP'S TRADE DEALS: WEEKLY PROGRESS ON JAPAN, EU, AND CHINA

This week, President Donald Trump has pushed forward his trade agenda, focusing on Japan, the EU, and China as tariff deadlines approach on August 1. His "America First" strategy emphasizes reciprocal tariffs and securing domestic investments, aiming to reshape global commerce.

With Japan, Trump announced a significant deal on July 23, cutting tariffs on Japanese autos from 27.5% to 15% and setting a 15% duty on other imports. In exchange, Japan committed to a $550 billion investment in the U.S. economy, boosting manufacturing and technology sectors. This agreement has lifted auto stocks and reduced fears of a broader trade war, with officials calling it a major victory. Negotiations with the European Union have gained momentum following the Japan deal. The EU is nearing a similar agreement, with 15% tariffs on imports to the U.S., a reduction from higher threatened rates. However, challenges remain, particularly with the unchanged 50% steel tariff, which could hurt EU exporters. Brussels appears close to finalizing a deal, signaling a de-escalation after tense negotiations.

Talks with China show progress, with Trump announcing a preliminary agreement alongside Japan's, though specifics are limited. A third round of discussions is planned for next week in Sweden, with signs of extending beyond the August 12 deadline and focusing on critical minerals and tariffs. China and the EU also issued a joint climate statement in Beijing, suggesting broader cooperation despite trade tensions.

These developments have boosted markets, with Wall Street gaining on reduced uncertainty. As deadlines near, Trump's tariff strategy faces tests, but the global economy watches closely.

ASX STOCKS

HIGHLIGHTS OF THE WEEK

Insignia Financial (IFL) has accepted a $3.2 billion takeover offer from US private equity firm CC Capital at $4.80 per share, ending a months-long bidding war that saw competing interest from Bain Capital and Brookfield. Shares surged 12% to $4.40 following the announcement. CEO Scott Hartley acknowledged the final bid was below Bain's $5 offer, but blamed tighter debt markets post-Trump tariffs. Major shareholders, including Tanarra Capital and Indian Pacific Funds Management, expressed cautious support, with the latter calling the price "bittersweet yet fair." Hartley remains optimistic, highlighting strong platform inflows and rising FUM to $330 billion. The board unanimously recommends the deal, pending shareholder and regulatory approval. CC Capital views Insignia and its MLC brand as a long-term growth platform, marking its first major acquisition in Australia.

Bapcor (BAP) Bapcor shares plunged nearly 30% after the company issued a weak trading update and announced the sudden resignation of three board directors without explanation. The auto parts and accessories group, owner of Autobarn, Burson, Autopro and Midas, flagged softer-than-expected May–June trading, citing disruption from consolidating businesses into its new Auto Electrical Group and ongoing retail headwinds. FY25 pro-forma net profit is forecast between $81–$82 million, down from $94.8 million, while statutory profit is expected between $31–$34 million—a recovery from the prior year's $158.3 million loss. Revenue is projected to fall 1.4% to $1.94 billion. Executive Chair Angus McKay said simplification efforts included relocating or closing 45 sites. The board is accelerating its refresh process. RBC's Jack Lynch flagged concerns over trading performance, governance stability, and balance sheet implications. BAP rejected a $5.40 bid 12 months ago!

Block Inc (XYZ) shares rose approximately 8% on Monday following news of its inclusion in the S&P 500 Index, effective Wednesday, replacing Hess after its acquisition by Chevron. The announcement marks a significant milestone for the digital payments firm, which had declined 14% year-to-date prior to the update. Analysts responded positively, with Jefferies raising its price target from $75 to $90 and maintaining a Buy rating, citing anticipated growth in U.S. gross payment volume. Deutsche Bank echoed the bullish sentiment, noting improving transaction trends and potential acceleration. Analysts also pointed to Cash App as a key growth driver, expecting higher user engagement in the coming quarters.

Global Earnings and News

Alphabet (GOOGL) +3% - reported strong second-quarter results for 2025, with revenue rising 14% year-over-year to $96.43 billion and net income up 19% to $28.2 billion, both exceeding Wall Street expectations. Earnings per share reached $2.31, topping forecasts of $2.17, while Google Cloud saw standout growth with revenue surging 32% and operating margin rising to 20.7%. The company ramped up its 2025 capital expenditure plan to $85 billion, reflecting a 13.3% increase from last year, as it invests aggressively in AI and cloud infrastructure. Despite this, Alphabet maintained stable operating margins, and CEO Sundar Pichai highlighted robust momentum in search, YouTube, and cloud services, even as short-term free cash flow dipped due to the higher investments

Tesla -4.7% - reported a 12% year-over-year revenue decline to $22.5 billion, driven by lower vehicle deliveries, reduced average selling prices, and less revenue from regulatory credits. Operating and net income fell sharply, and free cash flow dropped 89%, though Tesla maintained a strong cash position at $36.8 billion. Tesla made notable advances: it launched its Robotaxi service in Austin, expanded AI training infrastructure, and began production of a more affordable vehicle slated for higher volumes later in 2025. Its Energy Storage and Services segments grew, with record Powerwall deployments and a 17% rise in services revenue. Internationally, Tesla expanded into India and set delivery records in key Asian markets. Looking forward, Tesla emphasized its transition from automaker to AI and robotics leader, betting on future growth from software, autonomy, and energy products.

ServiceNow +6.73% - lifted its full-year guidance after reporting Wednesday second-quarter results that beat Wall Street estimates.Q2, the company reported adjusted earnings per share of $4.09 on revenue of $3.22 billion, compared with Wall Street estimates of $3.57 a share and $3.12B, respectively. Current remaining performance obligations, a gauge of booked revenue over the next 12 months, climbed by 29% to $23.9B. For Q3, the company forecast subscription revenue in a range of $3.26B to $3.27B, with growth expected at 18.5% from a year earlier.

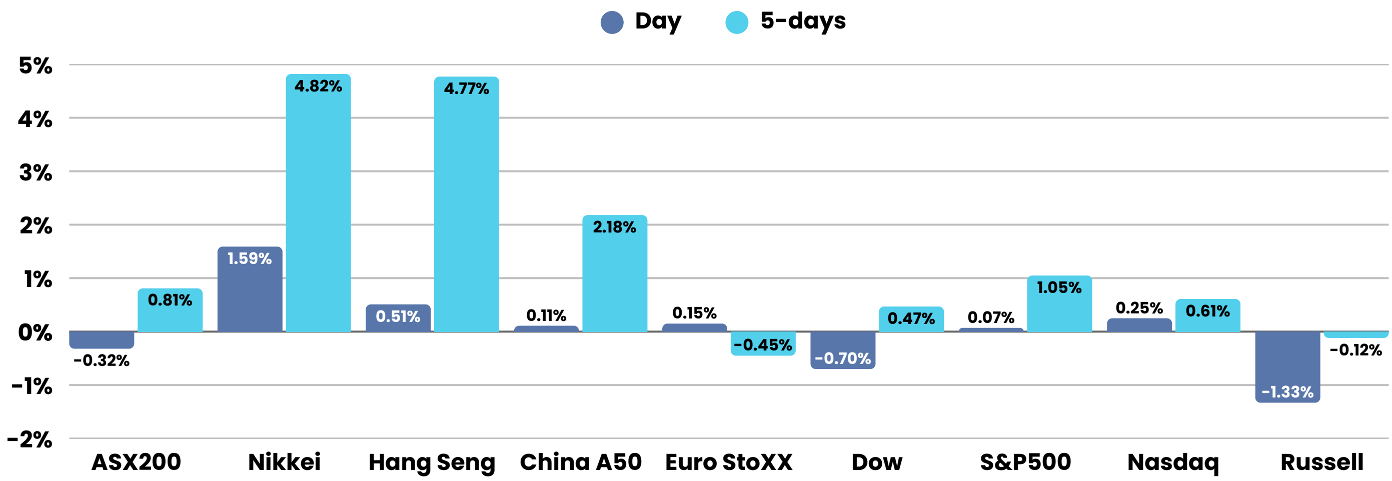
RTX Corporation +6.58% – delivered a strong second quarter in 2025, reporting $21.6 billion in revenue—a 9% year-over-year increase—and adjusted EPS of $1.56, both exceeding analyst estimates. Despite robust commercial aftermarket and defense demand, the company cut its 2025 profit forecast due to escalating U.S. tariffs, with CFO Neil Mitchill estimating a $500 million headwind for the year. As a result, RTX now expects full-year adjusted EPS of $5.80–$5.95, down from its prior $6.00–$6.15 guidance; nevertheless, the company raised its 2025 sales outlook to $84.75–$85.5 billion, reflecting sustained demand for aircraft maintenance, new engines, and defense systems.

25th July 2025

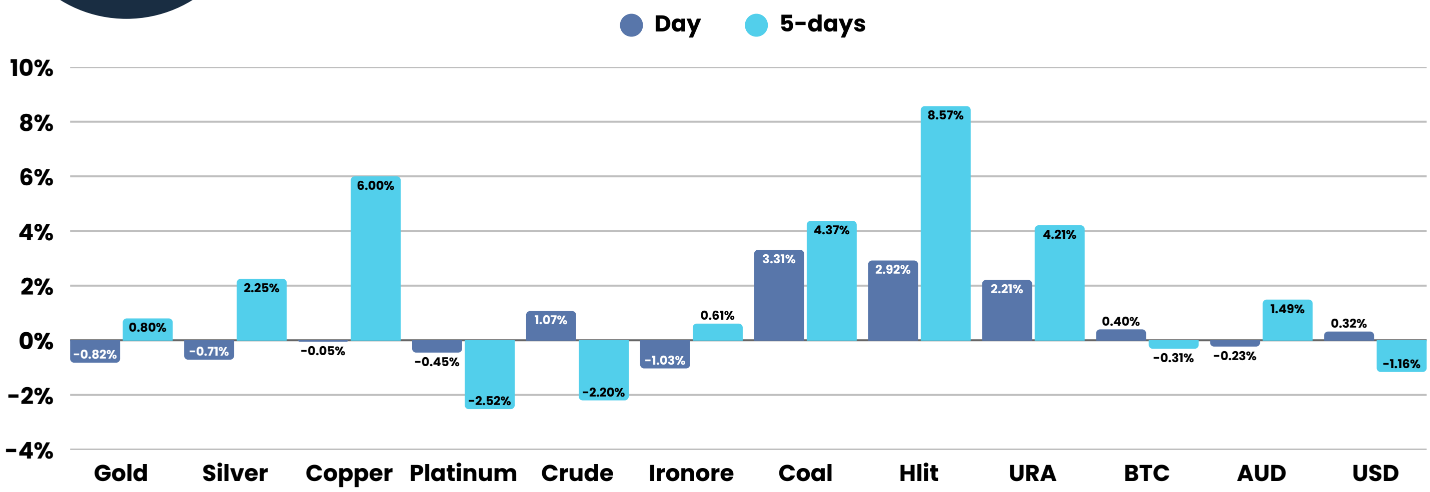
US STOCK NEWS

US & Global indices

Weekly S&P500 heatmap



COMMODITIES & FX



Gold: Since last Friday, gold futures have declined, dropping from above $3,390/oz to near $3,369/oz by Thursday. The pullback, exceeding 1%, was driven by optimism over US-EU trade deals and a stronger US dollar, which dampened gold's safe-haven appeal despite ongoing global uncertainties

Silver: Silver futures have risen since last Friday. Starting around $38.5/oz on July 18, prices climbed above $39.5/oz by July 24, marking a weekly gain of over 2%. The move reflects strong performance despite broader market volatility and a firmer US dolla

Platinum: Platinum futures experienced a volatile week. Prices peaked above $1,490/oz early, then fell steadily to around $1,430/oz by July 24, a drop of over 4%. The retreat was triggered by strong South African output and a firmer dollar, prompting profit-taking and hedging among traders

Copper: Copper futures surged this week, climbing from $5.58/lb last Friday to over $5.93/lb before settling near $5.80/lb by July 24. The rally set new all-time highs, driven by robust global demand and supportive trade news, before modest profit-taking trimmed gains late in the week

Crude Oil (WTI): Crude oil futures rose this week, rebounding from recent losses. Prices gained from $65.53/bbl last Friday to $66.13/bbl by July 24, supported by a larger-than-expected US inventory draw, optimism around trade talks, and persistent geopolitical risks, despite remaining 15% below levels seen a year ago

Bitcoin: Since last Friday, Bitcoin remained resilient, trading between $117,900 and $119,900, consolidating just below its all-time high near $120,000. Ethereum held above $3,550, after testing $3,700 midweek. Leading altcoins including Dogecoin and Kaspa saw strong gains—up over 30%—while other major tokens tracked Bitcoin's steady, bullish trend despite short-term volatility

the RBA and Federal Reserve are Independent for a reason

Let's discuss why the independence of the Federal Reserve (Fed) and the Reserve Bank of Australia (RBA) is crucial, and why the undue criticism they face from political figures like Donald Trump and Jim Chalmers, as well as from the media, often misses the mark. Central banks are structured to operate autonomously from government interference, a deliberate design informed by historical experiences to maintain economic stability. This independence empowers leaders such as Fed Chair or RBA Gov to focus on evidence-based decisions, like adjusting interest rates to combat inflation, without succumbing to short-term political demands that could lead to unsustainable growth or fiscal recklessness.

The rationale is clear: politicians may advocate for loose monetary policies to spur immediate economic boosts, especially during election cycles, but this can ignite inflation and erode purchasing power over time. Independence shields against such pressures, ensuring policies prioritize long-term prosperity. For example, the Fed's ability to raise rates during periods of overheating prevents asset bubbles, while the RBA's autonomy, formalized in the 1990s, allows it to target inflation effectively, building public confidence in the currency.

However, this vital framework is frequently undermined by unwarranted attacks. Trump has persistently targeted Powell, calling for aggressive rate reductions—demanding cuts of up to three percentage points—to inflate economic figures for political gain. His recent visit to the Fed's headquarters, amid ongoing renovations, only amplified this pressure, portraying Powell as an obstacle rather than a guardian of stability. Such rhetoric risks politicizing the institution, as experts caution, potentially compromising its impartiality and inviting economic volatility. In Australia, Treasurer Chalmers has similarly criticized Bullock, accusing the RBA of "smashing the economy" through elevated rates amid a cost-of-living squeeze. While he retains statutory override authority, his public rebukes seem more like deflection than constructive dialogue, overlooking the bank's efforts to curb inflation for the benefit of all Australians. These leaders are simply fulfilling their mandates, often making unpopular but necessary choices to avert deeper crises.

The media compounds the issue by sensationalizing central bank actions, framing rate hikes as burdensome without adequately explaining their role in fostering sustainable growth. Outlets often echo political narratives, amplifying Trump's demands or Chalmers' warnings, which fosters unnecessary skepticism. This portrayal depicts Powell and Bullock as detached elites, when in reality, they are dedicated professionals protecting against the pitfalls of unchecked populism—lessons drawn from past episodes of hyperinflation worldwide.

Ultimately, eroding central bank independence through baseless criticism invites long-term harm. We should appreciate the foresight in this system and afford these institutions the respect they deserve to continue safeguarding our economies.

TRADE OF THE WEEK

Engineering Companies Update - Buy ANG

Trade Strategy:
Buy ANG up to 38c
Stop Loss 28c
Initial profit target 53c

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

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