



# BULLS vs BEARS

MPC Markets – Weekly edition



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## MPC IN THE MEDIA

Mark joined Howard Coleman from team Invest this week for the Call, with a broad range of stocks in datacentres, Financials, Tech and commodities. It was a fairly negative episode with not a single “double buy” and plenty of “double sells” reflecting the markets overvalued status at current levels. Marks “Ausbiz Advent Calendar” pick from December, Objective Corp featured after positive earnings saw the stock rocket 20% on the day, 44% since we recommended it



## TECH STALLS AS SEASONAL WEAKNESS BECKONS

As of August 2025, the tech sector’s recent stumble has raised eyebrows among investors, with megacap stocks like the “Magnificent Seven” showing signs of fatigue. The S&P 500, near record highs, has leaned heavily on these tech giants for gains, but their stretched valuations—evidenced by a Shiller CAPE ratio of 38.6, a Buffett Indicator at 207%, and a trailing P/E of 26.8—signal potential overvaluation. These metrics, far above historical norms, echo the excesses of the dot-com bubble and the 2022 downturn, hinting at a looming correction.

Adding to the unease is the seasonal weakness of August and September, historically the S&P 500’s worst months, with September often posting negative returns, like -7.0% in 2008. Economic red flags are also emerging: declining consumer confidence, rising unemployment, and the Federal Reserve’s tight monetary policy are squeezing valuations. An inverted yield curve, a reliable recession predictor, further clouds the outlook, while geopolitical tensions and energy price spikes amplify risks. Investor sentiment is souring, with surveys showing growing fears of overvaluation and potential panic selling.

The firing of BLS Commissioner Erika McEntarfer by President Trump on August 1, 2025, after a weak jobs report, has sparked concerns about the politicization of economic data. The nomination of E.J. Antoni, a Heritage Foundation economist tied to controversial events, threatens the credibility of the BLS, potentially unsettling markets that rely on its data.

While bear markets are shorter and steeper today, averaging 289 days with -29% losses, bull markets historically dominate, offering 96% gains over 997 days. Investors may want to reduce US equity exposure, shifting to cash, bonds, or undervalued international markets to weather potential turbulence. Staying vigilant and strategic can turn risks into opportunities for long-term growth.



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# ASX STOCKS

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## HIGHLIGHTS OF THE WEEK

**Guzman y Gomez (GYG)** Shares Slide on Slower Sales Momentum. Guzman y Gomez shares tumbled 18 per cent to \$23.70 on Friday after the fast-food chain reported sales growth well below market expectations, despite announcing revenue of more than \$1 billion and its first dividend. The update marked the company's first full-year accounts since its ASX debut, where it outlined ambitious plans to expand aggressively across Australia. However, sales in the seven weeks to June 30 rose just 3.7 per cent, missing forecasts of 7.6 per cent and renewing doubts about the group's ability to match U.S. fast-food giants in scale. GYG's stock has experienced sharp swings since floating at \$22 last June, peaking at \$45 before a weak first-half result. Co-chief executive Steven Marks urged investors to focus on the long term, emphasising the company's 20-year track record and growth strategy beyond short-term sales cycles.

**Brambles (BXB)** Brambles will cut around 250 jobs, mainly in head office and administrative roles, as it prepares for softer economic conditions despite posting record earnings. The logistics giant, which operates 348 million pallets, crates and containers under its CHEP brand, reported a 15 per cent lift in 2024–25 profit to \$US896 million (\$1.39 billion). Shares surged nearly 11 per cent to a record high on the result. Chief executive Graham Chipchase warned of uncertainty ahead, citing the impact of U.S.-driven tariff policies and weaker global consumer spending. He said the company aimed to "be ahead of any downturn," with planned cost reductions expected to deliver \$US55 million (\$86 million) in savings by 2026–27. Brambles employs about 12,000 staff globally. Service centre roles, representing roughly half the workforce, will not be affected by the cuts.

**CSL (CSL)** CSL shares tumbled more than \$20 billion in value this week after the biotech giant reported weaker-than-expected earnings and unveiled plans to spin off its vaccines division. The stock slumped to \$225.50 on Tuesday — its steepest one-day fall since listing in 1994 — and extended losses into Wednesday, shaking confidence in one of the ASX's most dependable growth names. The sharp sell-off prompted a wave of broker downgrades. Barrenjoey cut its rating from "overweight" to "neutral" and slashed its price target 17 per cent to \$258, citing a "low-quality FY25 result" and uncertainty around the demerger's strategic value. Bell Potter also downgraded the stock. The result was a blow to major institutional holders including First Sentier, Pandal, Investors Mutual and DNR Capital, with analysts warning of further volatility as CSL navigates a clouded outlook into FY26.



# GLOBAL ALPHA

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## Global Earnings and News

### **U.S. Government Weighs Equity Stakes in Chipmakers Under CHIPS Act**

The Trump administration is considering taking equity stakes in certain semiconductor firms that receive funds from the 2022 CHIPS and Science Act—a shift that could change the way federal subsidies are distributed. This approach, detailed by the Wall Street Journal, would link government support more closely with partial ownership, aiming to provide financial support to distressed firms or those not significantly boosting their U.S. investments.

Top semiconductor leaders, like TSMC and Micron, are not expected to be part of this equity program, largely because of their substantial, ongoing investments in American manufacturing. Instead, companies such as Intel—which has recently faced market challenges—could see the government acquiring up to a 10% stake, allowing for both targeted aid and potential taxpayer returns.

TSMC, which counts Apple and Nvidia among its clients, has committed \$100 billion to U.S. ventures and has resisted the idea of government ownership. Executives have indicated they might forgo subsidies if equity is demanded. The Commerce Department, responsible for managing \$52.7 billion under the CHIPS Act, has already allocated large sums to major chipmakers, including \$6.6 billion to TSMC last year.

This potential for government stakes is reminiscent of measures taken during past economic crises, intended to stabilize industries and protect jobs. However, the announcement has created uncertainty, leading to short-term volatility and a drop in chipmaker stock prices. Investors remain cautious as they await more details, and companies assess the broader impact on autonomy, governance, and market valuation.

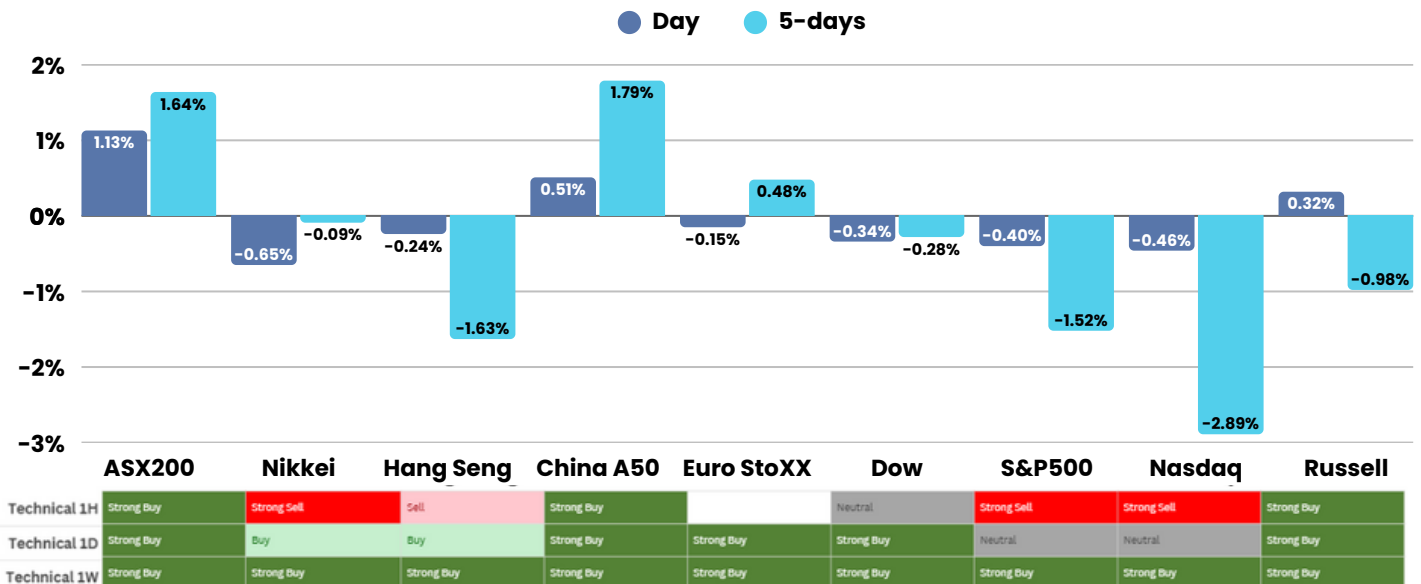
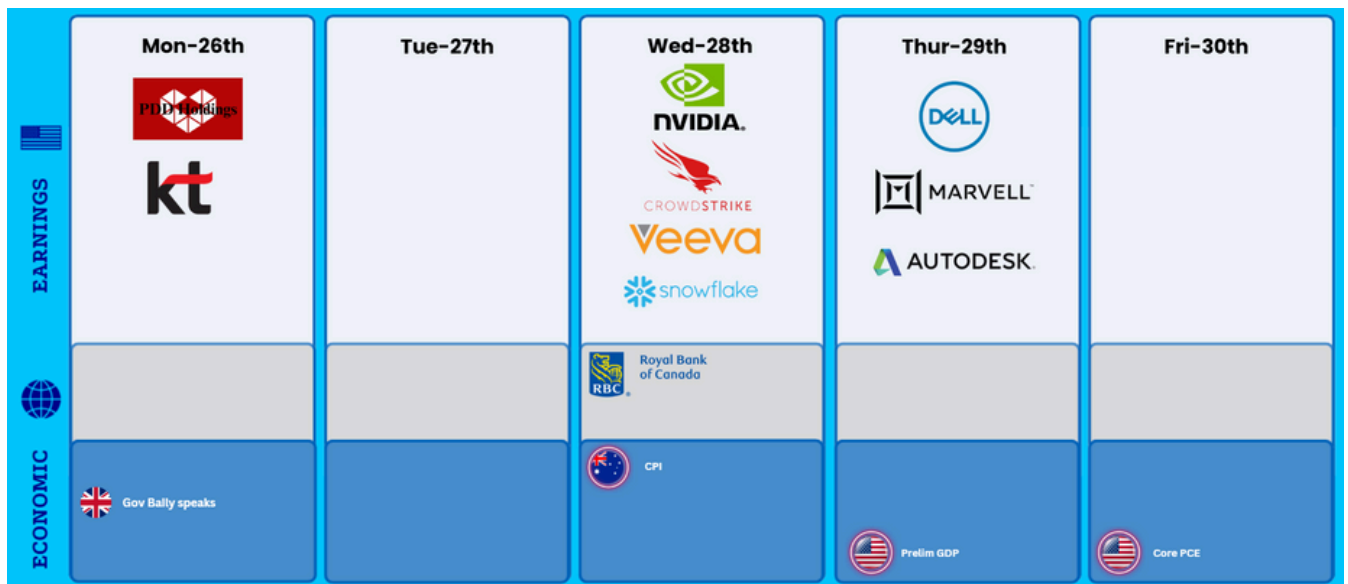
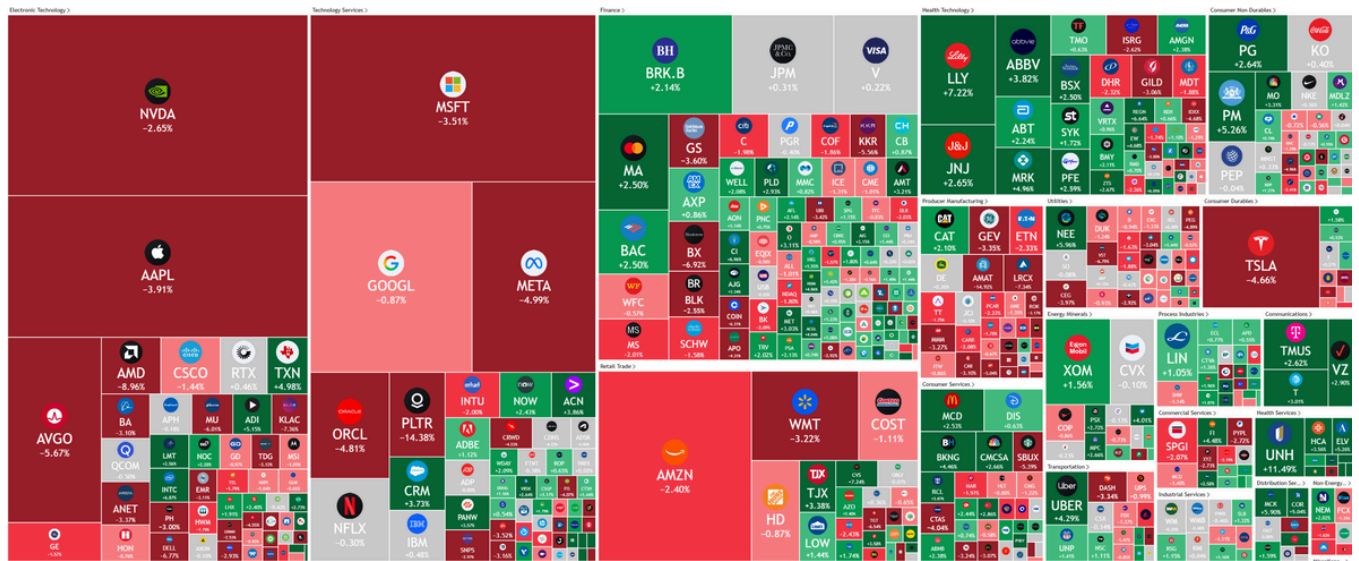
### **Tech Bell Weather Facing Headwinds**

NVIDIA Corporation (NASDAQ: NVDA) has halted production of its H20 artificial intelligence chip designed specifically for the Chinese market, according to a report by The Information. This move comes as Chinese regulators intensify their review of the H20 chip, raising concerns about possible security risks. Earlier in August, authorities in China requested that prominent AI developers—including companies like Tencent and ByteDance—provide explanations for their purchases of the chip. The suspension underscores growing regulatory scrutiny and uncertainty facing AI hardware suppliers in China's highly regulated technology sector.



# US STOCK NEWS

## US & Global indices

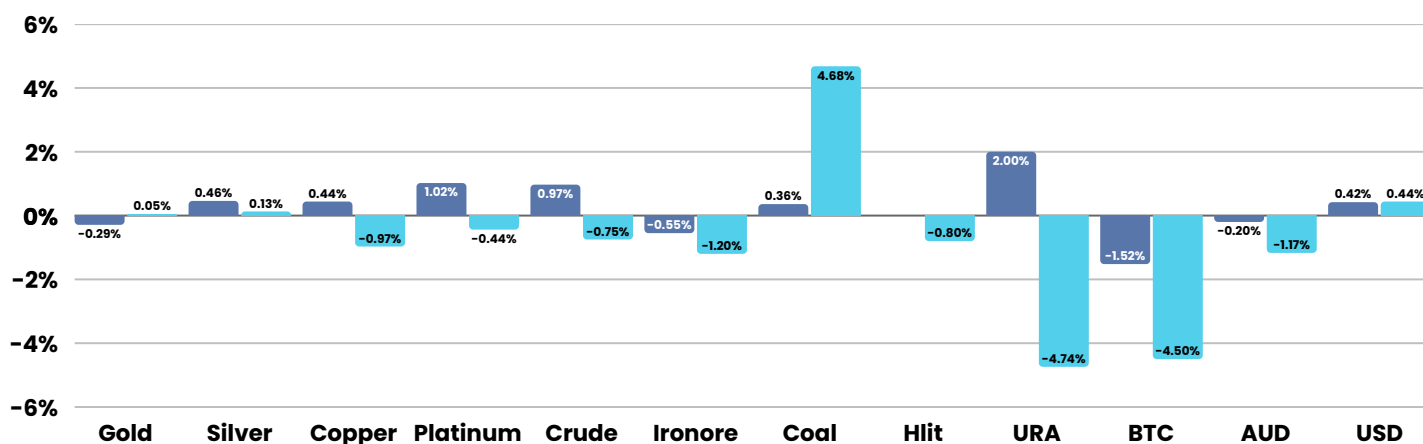






# COMMODITIES & FX

● Day ● 5-days



## Gold

Over the past week, gold prices held in a tight range as traders awaited major moves ahead of Fed Chair Powell's speech at Jackson Hole. The main catalyst was uncertainty over US interest rate policy: while inflation remains above target, the market was looking for clues about potential rate cuts. Geopolitical tensions—specifically renewed Russia-Ukraine attacks—also affected sentiment but did not trigger significant directional moves for gold, which ended the week little changed.

## Silver

Silver prices have remained volatile after a significant breakout to \$39/oz, reaching levels not seen in over a decade. The main catalyst has been expectations for US interest rate cuts, alongside momentum-driven buying and technical breakouts. Silver's industrial demand, especially from solar panel manufacturers and new clean energy technologies, is a supportive longer-term factor, although short-term industrial demand is somewhat weaker. Recent macro uncertainties and tariffs in the US have also played a role in the move.

## Copper

Copper experienced a weekly pullback after President Trump recently exempted copper from new tariffs. This policy shift caused increased market volatility and rapid unwinding of speculative positions, as traders repositioned in light of changing global trade flows and inventory levels. Additional technical resistance around \$9,500 on LME copper has contributed to recent choppy price movements, with overall direction shaped by uncertainty about physical metal destination and manufacturing demand.



# TRADE OF THE WEEK

## Global Alpha – Buy Palo Alto Networks (PANW)

**Investment Thesis:** Palo Alto Networks (PANW) is positioned as a long-term leader in integrated, AI-driven cybersecurity, leveraging its platform strategy, strong financial momentum, and the transformative \$25B CyberArk acquisition to address growing enterprise demand for end-to-end security solutions. The company continues to deliver double-digit revenue growth, margin expansion, and leadership in AI security, but trades at a steep premium with a P/E of 43x and EV/EBITDA of 93.5x, leaving little margin for error. While analyst sentiment is generally bullish, concerns remain over integration risks, tight liquidity, and high valuation, with the stock experiencing post-deal volatility. A trade setup around \$170–\$178 with a \$144 stop-loss and targets near \$200–\$225 offers a balanced risk-reward for investors confident in PANW's execution amidst near-term uncertainty.

- ✓ COMPANY FUNDAMENTALS
- ✓ TECHNICAL ANALYSIS
- ✓ MACRO/GEOPOLITICAL
- ✓ CATALYST (EARNINGS, ANNOUNCEMENT)



### Trade Plan:

Entry: \$170–\$178

Stop-loss: \$144

Trim Zone: \$200–\$210 (partial)

Target: \$220–225

**GENERAL  
ADVICE  
ONLY**



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