



BULLS vs BEARS

MPC Markets – Weekly edition



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THE STOCKMARKET ISNT THE ECONOMY

The stock market and the economy are often conflated, but they're not the same. While related, they can move in opposite directions due to distinct drivers. The stock market reflects investor expectations, corporate earnings, and monetary policy, while the economy is measured by broader indicators like GDP, employment, and consumer spending.

Historical examples highlight this disconnect. In 2009, post-financial crisis, the S&P 500 surged 60% by year-end, despite 10% unemployment and a 2.5% GDP contraction. In 2020, the market rebounded to new highs by August after a COVID-driven crash, even as GDP plummeted 31% annualized and unemployment hit 14.8%. Conversely, China's 15% annual GDP growth from 1992–2013 coincided with a 2% annual stock market decline.

Why the divergence? Markets are forward-looking, pricing in future recovery or optimism, often fueled by central bank actions like low interest rates or quantitative easing. Meanwhile,

economic data reflects current conditions, which can lag. Global exposure of major firms –Apple (60% global revenue), Microsoft (50%), and others—means stock performance often tracks international trends, not just domestic economic health. Investor sentiment and sector-specific booms (e.g., tech in 2020) further decouple markets from Main Street. While these disconnects typically resolve over time, conflating the two can mislead. The economy affects everyday lives; the market reflects bets on the future.





ASX STOCKS

HIGHLIGHTS OF THE WEEK

ASX Stocks: A Resilient Rally Amid Global Turbulence

This week on the ASX, stocks demonstrated remarkable resilience, shrugging off the specter of a U.S. government shutdown to post solid gains, particularly in defensive and thematic sectors. Episode 88 of Milton Park Capital's "Bulls vs Bears" podcast, hosted solo by Mark from MPC Markets, highlighted how Australian equities continued their upward trajectory, with the broader market enjoying a "pretty reasonable day" on Friday. Despite the shutdown's potential economic drag—estimated to impact 100,000 to 300,000 jobs—investors focused on domestic bright spots, driving selective buying in healthcare, defense, and select blue-chips.

Healthcare emerged as the standout performer, rebounding sharply after months of underperformance. MPC trimmed profits from precious metals early in the week to pivot into this sector, citing its defensive appeal and relative cheapness. The iShares Global Healthcare ETF (IXJ) was a key addition to portfolios on Monday or Tuesday, surging 6–7% over the ensuing days—the first meaningful bounce in ages. This momentum was fueled by positive U.S. spillover, as Pfizer's CEO appeased political pressures by pledging drug discounts to Medicaid, easing tariff threats and igniting sector-wide optimism. Domestically, CSL Limited bounced convincingly from its lows around \$206, closing near \$208 on Friday, while Cochlear (CE6) blazed ahead with a 19% weekly gain, reclaiming ground toward \$5 per share. Telix Pharmaceuticals (TLX) showed nascent buying interest, with MPC anticipating up to 80% upside as global awareness builds. Clarity Pharmaceuticals also drew opportunistic inflows, though catalysts remained opaque—suggesting bargain-hunting amid volatility.

Defense and security stocks fired on all cylinders at the week's outset, underscoring a budding "super cycle" narrative. DroneShield (DRO) and Electro Optic Systems (EOS) rocketed 20% early on, propelled by geopolitical tensions and AI-driven innovations. MPC's upcoming webinar on Tuesday features an exclusive interview with DroneShield CEO Oleg Vornik, who revealed cutting-edge AI initiatives, civilian market expansions, and developments far beyond two-year-old prototypes. At a \$4 billion market cap, DRO's valuation feels lofty, but Vornik's insights—focusing on thematic tech over rote financials—bolster the bull case for long-term growth.

Broader sentiment leaned bullish, with MPC's Mark conceding the index's "bulletproof" nature, even as he retains a bearish tilt. The ASX's equal-weight dynamics might expose frailties absent mega-cap dominance, but healthcare's decade-long grind higher (breaching key moving averages only sporadically) offers a hedge against uncertainty. Lagging 30% behind the NASDAQ over the past year, IXJ's historical outperformance in ETF backtests (15-year horizon) makes it a staple for MPC's ETF Elite portfolio. Consumer resilience shone through too, with Nike (NKE) smashing earnings expectations via a swift turnaround playbook reminiscent of Disney's Eisner era—impressive for a branding-heavy sector.



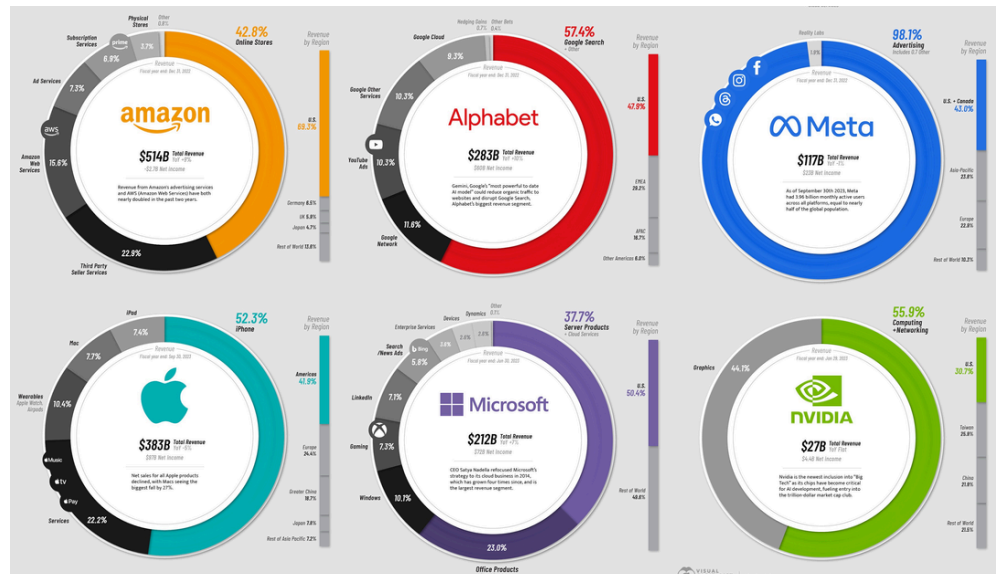
GLOBAL ALPHA

Global Earnings and News

Start of Shutdown	Reopen Date	Length (Days)	S&P500 Return	S&P500 12m	Senate	House
9/30/1976	10/11/1976	11	-3.50%	-6%	Democrat	Democrat
9/30/1977	10/13/1977	13	-2.50%	12.00%	Democrat	Democrat
10/31/1977	11/09/1977	9	0.40%	1.50%	Democrat	Democrat
11/30/1977	12/09/1977	9	-1.00%	3.20%	Democrat	Democrat
9/30/1978	10/18/1978	18	-2.00%	3.10%	Democrat	Democrat
9/30/1979	10/12/1979	12	-4.40%	24.70%	Democrat	Democrat
5/01/1980	5/01/1980	1	-0.80%	25.80%	Democrat	Democrat
11/20/1981	11/23/1981	3	0.70%	9.30%	Republican	Democrat
12/17/1982	12/21/1982	4	0.30%	16.20%	Republican	Democrat
11/10/1983	11/14/1983	4	2.40%	6.00%	Republican	Democrat
9/30/1984	10/03/1984	3	-2.20%	13.50%	Republican	Democrat
10/03/1984	10/05/1984	2	-0.60%	12.60%	Republican	Democrat
10/16/1986	10/18/1986	2	0.00%	7.80%	Republican	Democrat
12/18/1987	12/20/1987	2	2.50%	11.50%	Republican	Democrat
10/05/1990	10/09/1990	4	-2.10%	23.20%	Democrat	Democrat
11/13/1995	11/19/1995	6	1.20%	22.80%	Republican	Republican
12/15/1995	1/06/1996	22	0.00%	21.30%	Republican	Republican
10/01/2013	10/17/2013	16	3.10%	8.90%	Democrat	Republican
1/19/2018	1/22/2018	2	0.80%	-7.10%	Republican	Republican
2/09/2018	2/09/2018	1	1.50%	3.40%	Republican	Republican
12/21/2018	1/25/2019	34	10.30%	23.70%	Republican	Republican
Average		8.2	0.30%	12.70%		
Median		4	0.10%	12.30%		
Higher?			54.50%	86.40%		



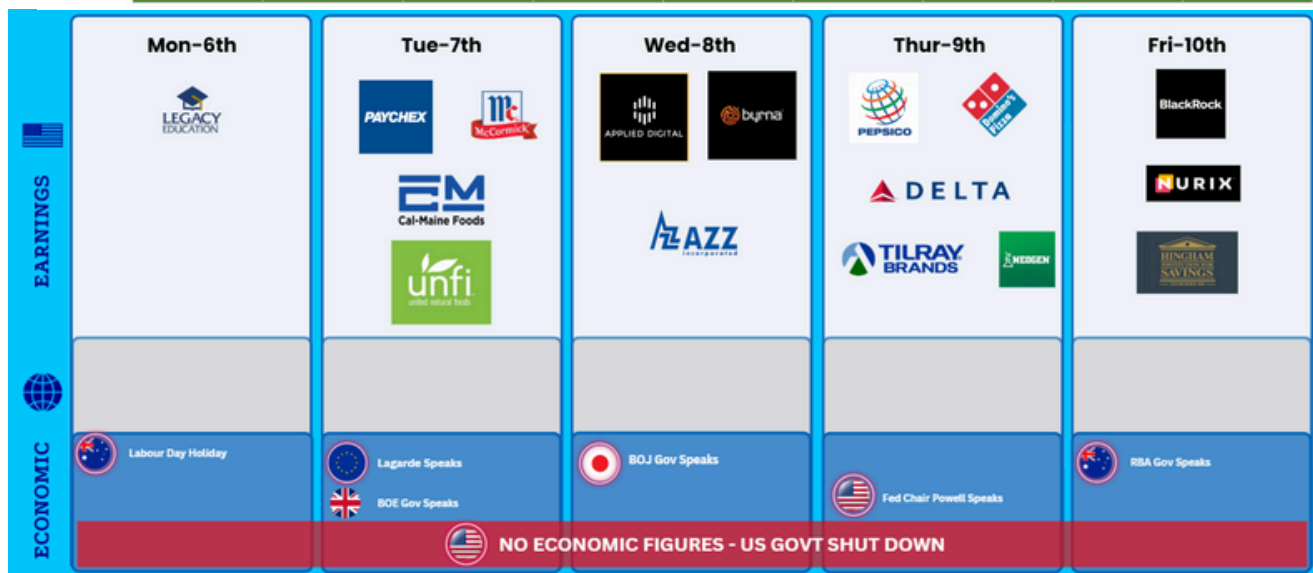
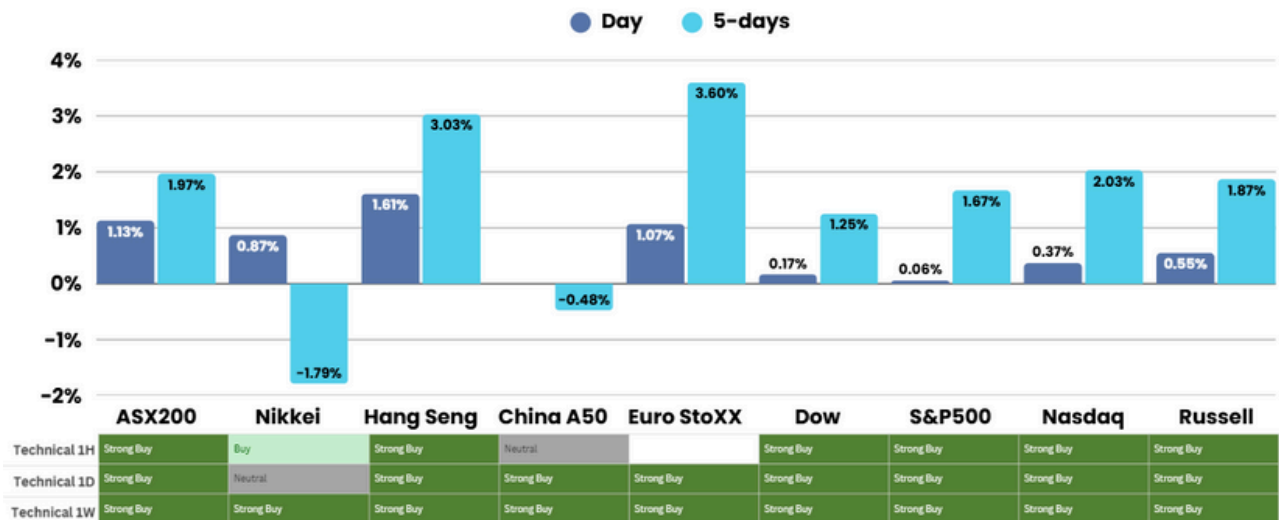
Company	Global Revenue (%)
Apple	~60%
Microsoft	~50%
Alphabet (Google)	~54%
Amazon	~44%
Meta	>50%
NVIDIA	~40%
Tesla	~55%
Berkshire Hathaway	~25%
JPMorgan Chase	~27%
Broadcom	>40%





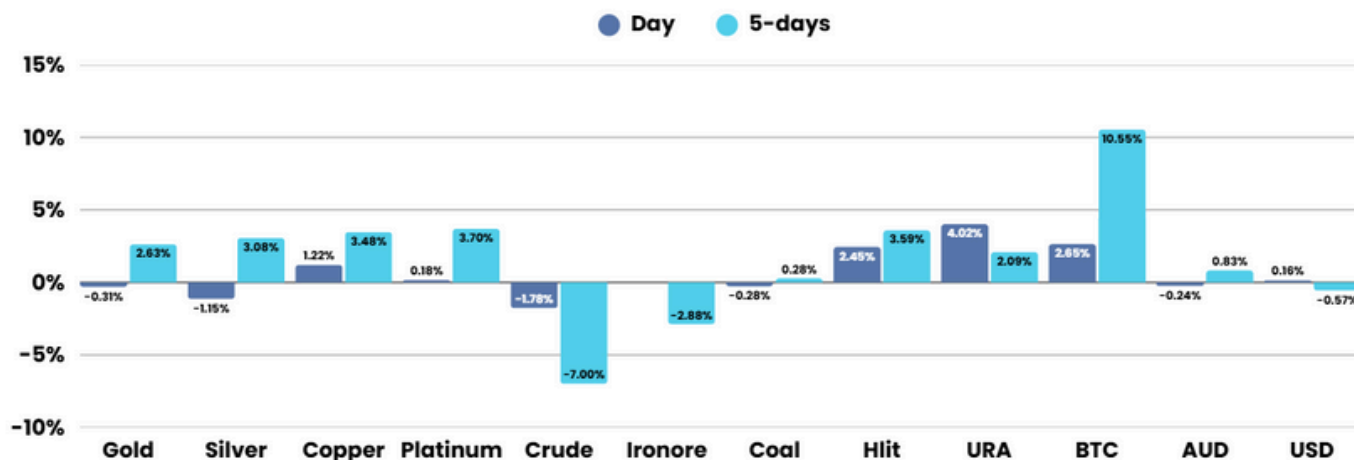
US STOCK NEWS

US & Global indices





COMMODITIES & FX



Commodities: Safe Havens Surge as Shutdown Stokes Uncertainty

Commodities traded a tale of two worlds this week: precious metals and stores of value roared higher on U.S. shutdown jitters, while energy softened amid economic qualms. In Milton Park Capital's "Bulls vs Bears" Episode 88, Mark dissected how the fiscal impasse—echoing 15 shutdowns since the 1980s—reignited haven demand, with gold, silver, and Bitcoin reclaiming "digital gold" status. Yet, MPC judiciously trimmed exposures, balancing 18 months of outsized gains against diversification needs.

Gold spearheaded the rally, climbing 2.6% to fresh record highs, underscoring its insulation from policy paralysis. Silver outpaced with a 3% gain, marking one of the strongest two-to-three-week stretches since 2011—arguably ever. This "extraordinary run" prompted MPC to de-risk from "morbidly obese" positions, offloading select holdings at peaks. Leveraged bets in gold-silver miners, platinum-silver strategies, and a copper ETF (up 26% in three-to-four weeks) remain intact, but the shift underscores prudence over panic. Mark views these as cyclical buffers, noting copper's surprising resilience despite the shutdown's GDP hit—traders overlooked furloughed federal workers (exempt during Jewish holidays) and focused on structural tailwinds.

Bitcoin joined the fray, countering prior weeks' consolidation to reassert as a shutdown hedge, while uranium and lithium pressed thematic highs on energy transition bets. Crude oil, however, buckled 7%, reflecting broader growth fears; the last 2018 shutdown (over Christmas, more "holiday" than havoc) saw markets rise, but this one's \$11 billion tab amplifies downside risks. Platinum and base metals held firm, with MPC's webinar teeing up defense-adjacent cyclicals like copper for scrutiny.

Contextually, Mark ties commodity strength to the S&P 500's decoupling from the economy: top-10 stocks (40% weighting, extreme by 1880s standards) derive 44–60% revenues globally, rendering U.S. fiscal drama moot. AI's "industrial revolution" bolsters this—Nvidia alone dwarfs seven global sectors—yet historical stats falter in this concentrated era. Shutdowns historically lift markets 50% short-term, 86% over 12 months, but Mark warns of fleeting positivity; by mid-next week, rate-cut euphoria may sour without payrolls or data.



TRADE OF THE WEEK

Healthcare bounce

Healthcare ETF IXJ

The iShares Global Healthcare ETF (IXJ) was a strategic buy this week, as highlighted in Milton Park Capital's podcast. After lagging the NASDAQ by 30% over the past year, IXJ surged 6-7% following MPC's Monday/Tuesday entry, marking its first significant bounce in months. The healthcare sector's defensive nature and undervaluation drove the pivot from precious metals. Positive U.S. catalysts, like Pfizer's Medicaid discount pledge easing tariff threats, fueled gains in CSL (\$206 to \$208), Cochlear (+19%), and Telix (potential 80% upside). IXJ's decade-long uptrend, rarely dipping below moving averages, and 15-year backtested outperformance in MPC's ETF Elite portfolio confirm its resilience, making it a timely hedge against U.S. shutdown uncertainty.



NASDAQ vs HEALTHCARE 1 YEAR



IXJ HEALTHCARE ETF LAST 10 YEARS

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