



BULLS vs BEARS

MPC Markets – Weekly edition

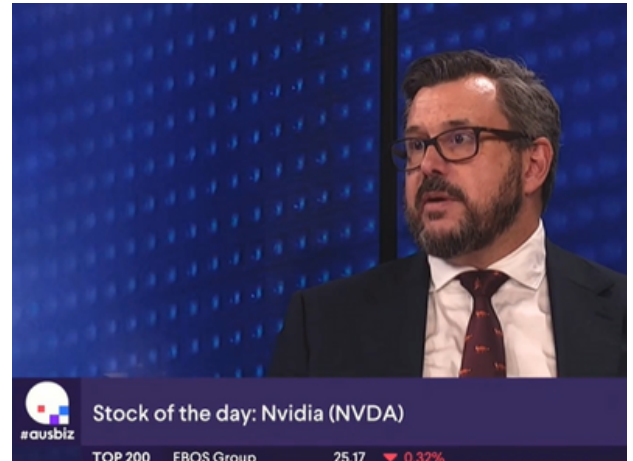


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MPC IN THE MEDIA

Mark has the US Edition of the call his top picks, favoring Duolingo and Applovin as standout opportunities in the current market landscape. Regarding Nvidia, Gardner mentioned it was a “trim,” suggesting he had reduced his position in the semiconductor giant to pursue other opportunities or manage risk. This move reflects both a recognition of Nvidia’s strong recent run and Gardner’s broader caution towards high-valued tech amid shifting sentiment and emerging market risk.



NVIDIA IMPRESSES ON HEADLINE, BUT UNDER THE SURFACE.....

Nvidia faces increasing scrutiny after trading algorithms uncovered critical accounting red flags in its latest earnings report, highlighting issues beneath the headline growth. Key among these is a sharp rise in accounts receivable, with the company’s Days Sales Outstanding (DSO) spiking to 53 days—well above norms and suggesting customers are taking delivery of chips they can’t pay for, resulting in phantom revenue.

Inventory growth is another red flag: Nvidia’s inventory jumped 32% quarter-over-quarter to \$19.8 billion, even as executives claimed unprecedented demand and supply shortages. This unusual stockpile implies products are accumulating faster than sales can clear them, contradicting management assertions. Underlying these numbers is a circular financing structure: Nvidia provides funding to AI startups and entities like xAI, which use those funds to lease Nvidia GPUs.

This loop lets Nvidia record sales and inflate revenues without real net economic activity.

Operating cash flow fell significantly short of net income, with a cash conversion ratio of just 75.1%, far below typical semiconductor industry standards above 90%. Heavy share buybacks further strained available cash, indicating possible trouble in underlying business strength.

Margin compression and weak depreciation policies compound the concerns. Even with higher-priced products, margins declined, suggesting understated costs and relating this case to historic frauds like Enron and Lucent, where circular financing preceded collapse.





ASX STOCKS

HIGHLIGHTS OF THE WEEK

Technology One (TNE) Technology One experienced its sharpest single-day fall in two decades this week, plunging 17.2% to close at \$29.26 despite announcing another year of record results. The company reported an 18% rise in revenue to \$610 million, profit before tax of \$181.5 million, and annual recurring revenue lifting 18% to \$554.6 million. Net profit after tax reached \$137.6 million, up 17%, but missed analyst expectations, causing concern among investors. Much of the market's unease centered around a 2.7 percentage point reduction in operating margins, driven by the company's ongoing shift to its all-in-one SaaS+ platform and heavy investment in the UK, where profits nearly halved. While management highlighted strong UK growth and reaffirmed its ambitious goal to reach over \$1 billion in recurring revenue by FY30, the immediate profitability impact and the dividend mix left the share price under pressure. Still, brokers remain positive on the company's long-term strategy despite the short-term turbulence.

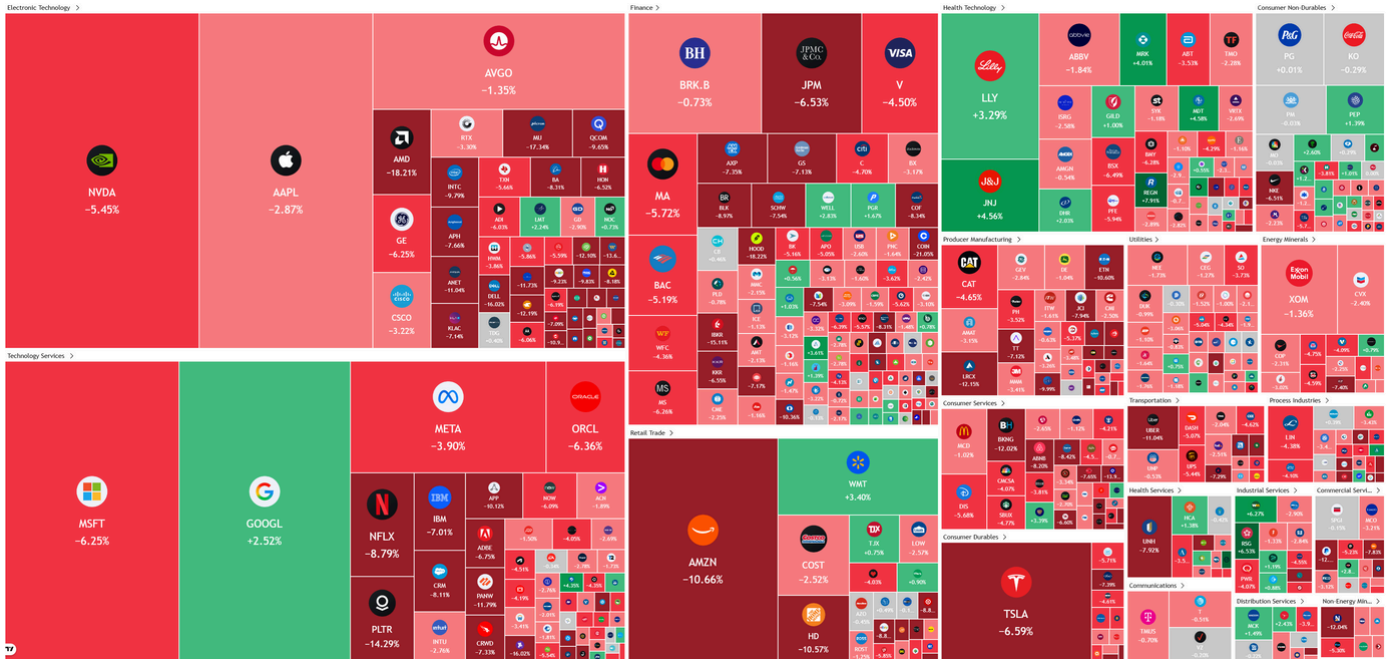
DroneShield (DRO) DroneShield endured a turbulent week as the company's share price tumbled sharply following a series of unexpected developments. After several directors executed large share sales totaling nearly \$70 million in the first half of November, including CEO Oleg Vornik offloading around A\$49.5 million worth, investor confidence was hit hard and DRO fell by over 30% in a single session—its steepest drop since March 2020. The board clarified that these trades were on-market and not coordinated, and attributed the sales mainly to the exercise of performance options rather than any structural concerns for the business. This turbulence was further amplified when the US CEO, Matt McCrann, resigned effective immediately, a decision announced midweek and not accompanied by an immediate replacement. As a result, the stock has fallen more than 70% from its recent high, keeping investors on edge amid strong underlying growth but heightened scrutiny on executive actions and leadership stability.

Elders (ELD) Elders delivered a strong FY25 result that lifted the share price by over 10% this week, closing at \$7.41 after the release. The company reported revenue growth of 2% to \$3.2 billion alongside a 12% lift in underlying EBIT and a standout 34% rise in underlying net profit after tax, reaching \$86 million. Statutory profit after tax also increased to \$50.3 million, overcoming mixed seasonal conditions and competitive local pressures. The results prompted a positive response from investors, with the stock now 2.8% higher for the year to date. Analysts highlighted margin expansion and benefits from acquisitions, especially Delta Agribusiness, as key drivers of optimism for the future. Dividends were maintained at 36 cents per share, reflecting confidence in ongoing cash flow and business stability. The market's upbeat reaction reflects renewed faith in Elders' growth plans and resilience amid ongoing agribusiness challenges.

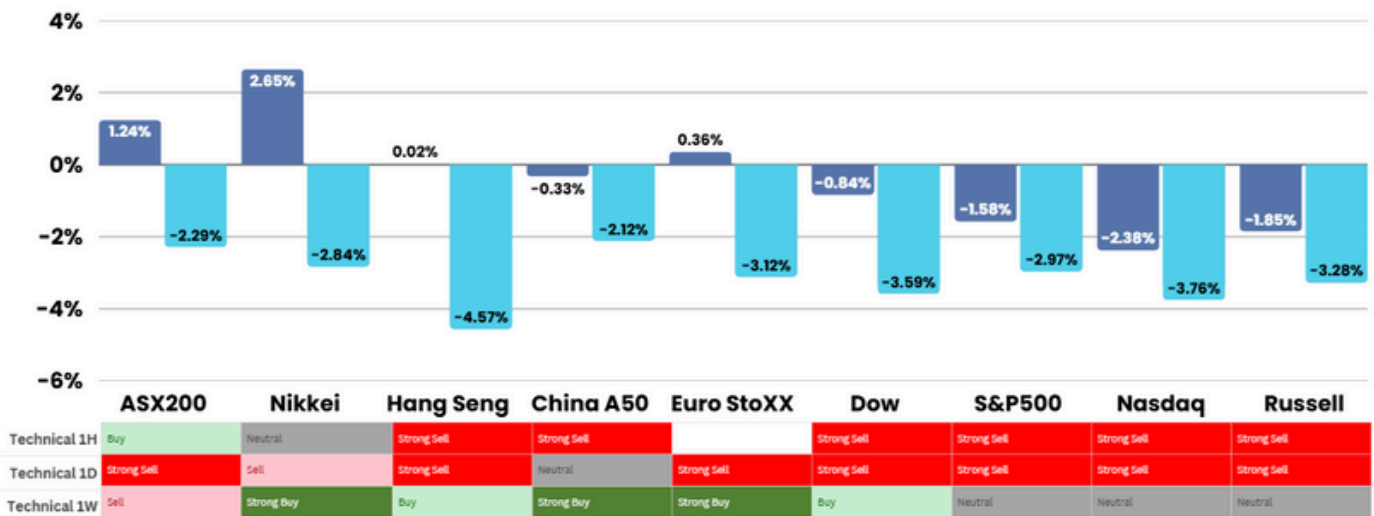


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US STOCK NEWS

Corporate Earnings Reactions

Home Depot : Q3 sales rose 2.8% to \$41.4 billion, with net earnings at \$3.6 billion and EPS down slightly year-over-year as consumer uncertainty and weaker storm activity weighed on demand. Guidance was cut, with management projecting FY2025 earnings per share to decline about 5% despite expecting 3% total sales growth.

Trip.com Group : Q3 revenue rose 16% and net income nearly tripled, driven by strong travel and tech growth.

TJX Companies : Q3 sales and profit exceeded estimates, with comps up 5% and EPS at \$1.28.

Elbit Systems : Q3 revenue rose 12% and earnings topped estimates, with order backlog above \$25B.

Baidu : Q3 revenue fell 7% on weak ads but AI revenue jumped 50%; net profit declined sharply.

Intuit : Quarterly revenue rose 15% to \$3.9B with higher-than-expected EPS and strong AI platform traction.

Walmart : Q3 revenue climbed 5.8% to a record \$179.5 billion, with global eCommerce sales up 27% and adjusted EPS at \$0.62, both beating estimates.

Management raised full-year guidance, citing robust performance across all income segments but slower growth in lower-income households.

Palo Alto Networks : Fiscal Q1 revenue reached \$2.5 billion (up 16%), while Next-Gen Security ARR rose 29% and order backlog grew 24%.

Non-GAAP EPS came in at \$0.93, topping expectations, and the company guided to continued double-digit revenue growth for FY2026.

NVIDIA EARNINGS

HEADLINE

Revenue: exp 55B Actual 57B ✓

EPS: exp 1.25cps Actual 1.30 ✓

UNDER THE SURFACE

Receivables and DSO Anomaly

- This points to significant delays in customer payments and suggests that Nvidia's customers may be taking delivery of chips without the ability to pay, representing phantom revenue.

Inventory Growth Contrary to Claimed Demand

- Inventory increased 32% quarter-over-quarter to \$19.8B, despite management claiming "insane" demand and supply shortages.

Circular Financing Structure

- The illusion appears underpinned by circular financing: Nvidia provides capital to AI startups and entities like xAI, which use the capital to lease GPUs from Nvidia, allowing Nvidia to book revenue without real net economic activity.

Cash Flow and Capital Allocation Issues

- Operating cash flow was significantly lower than reported net income, with a cash conversion ratio of 75.1% (vs. industry norms above 90%).

Margin Compression and Depreciation Policy

- Despite launching a higher-priced architecture, Nvidia's margins fell, which, coupled with insufficient depreciation practices, suggests understated costs and possible reserve underreporting.

Historical Precedents

- This structure is compared to historic accounting frauds such as Enron, WorldCom, and Lucent Technologies, all of which used circular or vendor financing to inflate revenues ahead of collapse.



GLOBAL ALPHA

Global Earnings and News

Global equity markets entered the week on optimistic footing, buoyed by strong earnings results from Nvidia, which spurred a rally in technology and AI-related shares. Early gains were pronounced: Nvidia's blockbuster quarterly results sent its shares up by as much as 5%, driving the broader Nasdaq to a 2.6% intraday gain and lifting sentiment globally. Hopes were high that robust demand for AI infrastructure and semiconductors would underpin a sustained tech rally.

However, Thursday brought an abrupt reversal. After initial enthusiasm, investors began profit-taking, triggered by sector-wide valuation concerns, overstretched momentum in AI stocks, and statements from US Fed officials suggesting higher-for-longer rates. These factors contributed to a sharp risk-off move, erasing the week's early gains. Nvidia ended the day down roughly 3%, wiping out its post-earnings rally, while other mega-cap tech names also sold off hard. The volatility marked the Nasdaq's biggest intraday reversal since April and drove up the VIX volatility index.

The S&P 500 and Dow Jones Industrial Average finished the week with losses as risk appetite faded, despite resilience in defensive sectors and strong results from Walmart which bucked the broader trend. The ASX 200 in Australia also mirrored Wall Street's weakness, with local stocks under pressure on Friday morning.

In summary, markets this week exemplified the fragility of tech-driven gains—quickly undone by valuation worries and shifting macro signals, with Nvidia's reversal acting as the market's turning point.



NVIDIA sees wild swing in market value



Walmart just proved it's America's solution



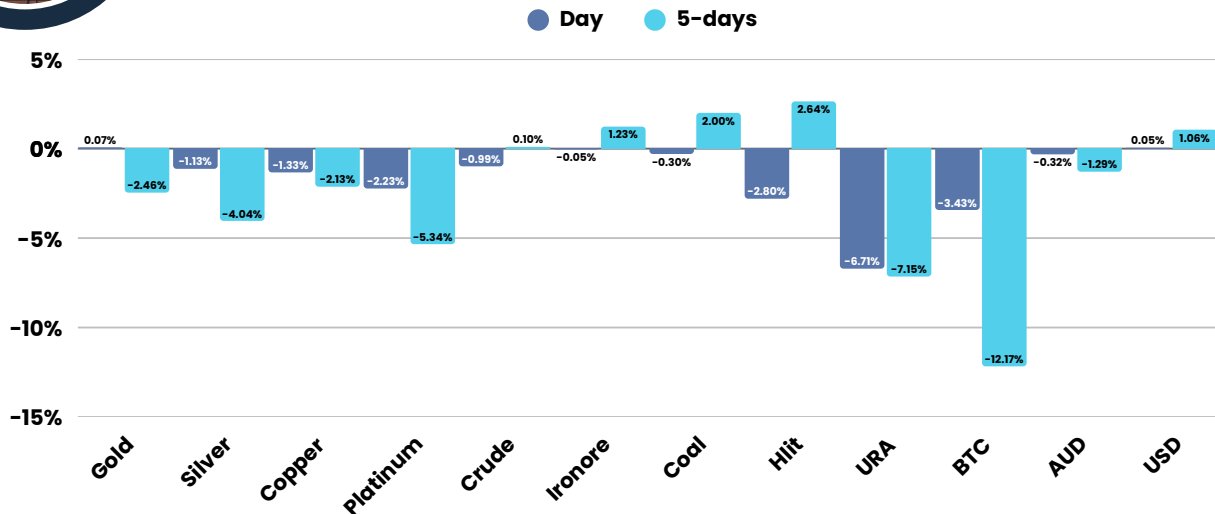
Novo Nordisk drops cash prices for Wegovy and Ozempic

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COMMODITIES & FX



Gold Gold futures saw notable volatility over the last five trading sessions, retreating from recent highs above \$4,200 per ounce to around \$4,070. Selling pressure persisted as a stronger US dollar and shifting investor sentiment drove prices to a one-week low, with gold down roughly 3% for the period.

Silver Silver futures hit fresh highs early in the week above \$54 per ounce before pulling back to settle near \$51.20. The last five sessions saw heightened volatility, with sharp intraday swings, but silver remains up more than 5% for the month and over 65% year-on-year.

Copper Copper futures experienced choppy trading over the last five sessions, dropping from over \$5.10 to near \$5.02 per pound. Price action reflected wavering investor sentiment as Federal Reserve commentary weighed on metals, but copper remains up roughly 2% for the month and 22% year-on-year.

Platinum Platinum futures traded in a choppy range over the last five sessions, slipping from highs near \$1,565 per ounce to close around \$1,548. Sentiment shifted on reduced expectations for US rate cuts, and platinum ended the week about 1% lower but remains up significantly year-on-year.

Oil Crude oil futures began the week above \$60 per barrel before selling off more than 2% midweek on renewed hopes for a Russia-Ukraine truce. After a brief rebound, prices settled near \$59.86, ending slightly lower over five sessions as geopolitical headlines drove choppy trade.

BTC Bitcoin hit fresh multi-month lows this week, trading near \$86,650 as relentless selling drove all major benchmarks downward. MicroStrategy, with its large Bitcoin treasury, plunged over 60% from its peak and hovered at \$177. Ethereum declined sharply to \$2,850, losing over 10% in the last week alone as technical signals point to continued weakness. Solana retreated as well, falling by 13% but stabilizing above \$138, with traders watching for a bottom amid ongoing uncertainty. The broader crypto market remains under pressure as macro headwinds persist.



DIGITAL ASSETS

Crypto & Blockchain

The market experienced bearish pressure from last weeks \$19 billion leveraged liquidation cascade on October 17, triggered by President Trump's October 10 announcement of 100% tariffs on Chinese tech exports, which rippled into global risk assets. Bitcoin dipped to levels not seen since June 2025, down 16% from its recent peak of \$126,080 on October 6. By week's end, however, the market stabilized and rebounded modestly. Volatility eased slightly, but miners offloaded \$5.6B in BTC to exchanges while pivoting to AI/HPC for higher yields (up to 60%). Perp DEX open interest dropped over 60%, signaling reduced leverage.

ex-Binance CEO Changpeng Zhao was pardoned by President Trump, signaling a pro-crypto shift. A class action lawsuit accused Meteora's Ben Chow of memecoin fraud involving tokens like Melania and Libra. T. Rowe Price, managing \$1.77 trillion, filed for a crypto ETF, reflecting traditional finance's growing embrace of digital assets. MegaETH confirmed its leaked whitepaper, detailing tokenomics and MiCA compliance. Bitcoin miners are pivoting to AI for stable revenue. (Source: The Block).

NYSE owner, Intercontinental Exchange made headlines by taking a controlling \$2 billion stake in the decentralized prediction platform Polymarket. This deal valued Polymarket at about \$9 billion, signaling mainstream recognition of crypto-based prediction markets. ICE intends to integrate Polymarket's crowd-sourced prediction data into its institutional data distribution systems, effectively treating "event-driven sentiment" as a new financial indicator class. The partnership also includes tokenization initiatives, putting real-world assets and derivatives into blockchain wrappers. ICE CEO Jeffrey Sprecher described the move as a way to "bridge prediction markets and traditional derivatives" while expanding data products for global investors.

Federal Reserve Governor Christopher Waller signalled that the Fed is rethinking how fintech and digital assets fit into the broader banking system, potentially paving the way for limited stablecoin access to Fed accounts under specific oversight models.



Trump Pardons ex-Binance Founder



NYSE's 2B Polymarket Acquisition



Fed Eyes Direct Access for Stablecoins



TRADE OF THE WEEK

Hyperliquid (HYPE)

Hyperliquid (HYPE) stands out as a high-conviction play in the evolving decentralised finance (DeFi) landscape due to strong revenue numbers, a low price to earnings ratio and outstanding resilience against the recent downturn in the broader crypto market. Hyperliquid is the leading decentralized perpetual futures exchange (perp DEX), commanding 35–40% of all perp DEX volume with the deepest liquidity across crypto and real-world assets (stocks, forex, commodities, pre-IPO like SpaceX/OpenAI).

Built on its own high-performance L1 with HyperBFT consensus, it delivers CEX-level speed and UX — fully on-chain orderbook, no gas fees, sub-second finality — while remaining fully decentralised and non-custodial. Hyperliquid stands out as one of the highest-conviction opportunities in the current DeFi landscape due to a rare combination of explosive fundamental growth, resilient price performance against the broader crypto market, and highly attractive valuation metrics.

The 2020–2024 crypto cycle was defined by Gary Gensler’s SEC, which branded nearly every value-accruing mechanism—dividends, buybacks, fee-sharing, and deflationary burns—as unregistered securities, forcing projects into perpetual inflation, pointless “point farms,” or economic irrelevance to survive. That era ended in November 2024: with Republican control of Congress and the White House, plus crypto-friendly SEC and CFTC leadership, new legislation and guidance now explicitly greenlight fee-sharing and buybacks in decentralized protocols—turning value accrual from forbidden risk to the new standard.

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