Good evening, mates!Welcome to Wilma Wealth Management , I'm White Green, your closest investment mate!

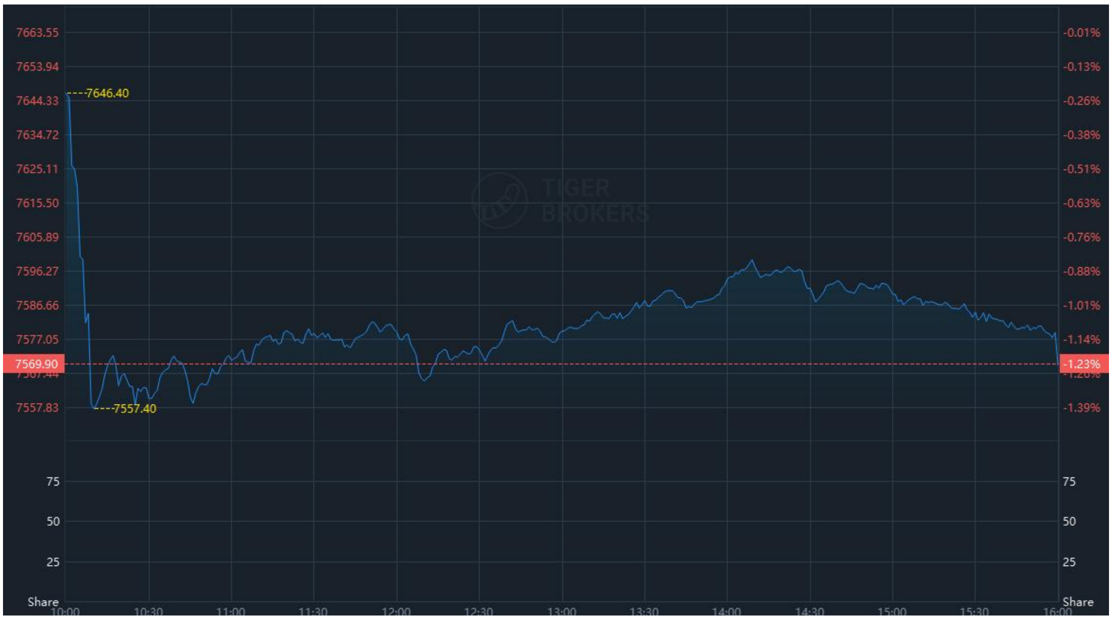
Influenced by the overnight US session, today the three major indices on the ASX saw significant declines, losing the 7600 round number support, with the indices at one point reaching new lows since the rebound on April 22nd. What might the future hold for the XJO Index?

Despite the market downturn, two stocks in our portfolio, AGL and COL, went against the trend and rose. How should we assess the future trajectory of AGL and COL, and where are the expected targets?

Tomorrow early morning, the US will announce the Fed's interest rate decision, followed by a press conference by Fed Chairman Powell. Although the market generally expects the Fed to keep rates unchanged, Powell's remarks could ignite the financial markets. Will the Fed release dovish signals concerning persistently high inflation? Will the Fed slow down or maintain the status quo on its balance sheet reduction, among other issues, all of which could lead to severe turbulence in the financial markets?

Tonight, I will discuss the above topics with you all and share some key data and events that will affect the Fed. Together, we will seek guidance to prepare for tomorrow's Fed rate decision and Powell's speech.

mates, are you ready?



This chart depicts the intraday performance of the XJO index. As evident from the chart, influenced by a significant downturn in the US sharemarket, the index rapidly declined upon opening, reaching a new low since the rebound on April 22nd. The swift decline in the morning session was primarily driven by a collective downturn in key sectors such as Information Technology, Financials, Materials, and Healthcare. After bottoming out at 7557 points, rebounds in the Financial and Materials sectors facilitated a partial recovery in the market, leading to a trend of fluctuating gains.

Looking at the overall market, all eleven industry sectors performed poorly today, with Energy, Materials, and Information Technology experiencing the largest declines. Conversely, the Utilities, Financials, and Food Retail sectors saw smaller declines, demonstrating their typically stronger resistance during market downturns. I have previously shared this observation with mates and hope everyone can remember and apply it in their real investment decisions.

This image shows the daily chart of the XJO index. The index was significantly influenced near the resistance level of the MA13 moving average. Due to the overnight sharp decline in the US sharemarket, the XJO index quickly moved downward under the pressure of the MA13, failing to remain above the MA5 moving average and losing this line again today. From the arrangement of the moving average system, the indicators are showing a bearish downward trend, which signals a short-term bearish outlook, indicating that the index is still in a weak position.

Furthermore, following a sharp decline on April 16, the index has been consolidating in a lower range without significant breakouts. However, considering that tomorrow brings the Fed's rate decision and Chairman Powell's speech, these significant announcements could substantially impact the market and might break the current consolidation phase, potentially leading the index out of the bottom consolidation box to a new directional trend. This is a critical observation moment, and mates should remain vigilant, closely monitoring market movements and potential trend changes.

With the upcoming interest rate decision from the Fed and the press conference by Chairman Powell, there is an exceptional focus on the markets. While the prevailing market expectation is for rates to remain unchanged, the content of Powell's remarks and his assessment of the future economic outlook will have a significant impact on market sentiment and trends.

In dealing with the ongoing high inflation environment, investors will be particularly attentive to whether the Fed might signal a more dovish monetary policy stance, as well as any adjustments to the pace of balance sheet reduction (quantitative tightening). The details of these decisions will have a direct impact on the financial markets, especially in the stock, bond, and foreign exchange markets.

The Fed's policy decisions are usually based on a series of detailed economic data, including but not limited to inflation trends, retail sales, non-farm employment, the JOLTS job openings report, and the current status of the balance sheet reduction strategy. These data points provide a critical perspective on the condition of the US economy, helping the Fed to assess the appropriateness of its monetary policy.

In this context, tomorrow’s decision and Powell’s speech could trigger significant market volatility. mates should be prepared to respond to potential market fluctuations and adjust their investment strategies based on the information released by the Fed.

Tonight, we will delve into some core economic indicators and their impact on the Fed's interest rate decisions:
One: Inflation Data
(PCE data was released on April 26; the next CPI data will be published on May 15)
Inflation data closely monitored by the Fed shows that the core PCE price index increased by 2.8% year-on-year in March, unchanged from February. This data indicates that, although there is inflationary pressure, it has not decreased as expected. Consequently, the market’s expectations regarding the Fed’s ability to cut interest rates within the year have become more complex. In financial markets, gold and cryptocurrencies are particularly sensitive to inflation data because they are often seen as tools for hedging against inflation. If inflation remains high, it may indirectly support the trends of gold and cryptocurrencies, as this enhances their

appeal as means of storing value.

Two: Retail Sales Data
(Released on April 15; next release date is May 15)
March retail sales grew more than expected, with a month-over-month increase of 0.7%, which reinforces the resilience of consumer spending and supports economic growth. Strong retail sales data might make the Fed more confident that the current interest rate levels are sufficient to curb inflation without the need for an urgent rate cut. This expectation puts pressure on financial markets, as high interest rates reduce the attractiveness of non-interest-bearing financial assets.

Three: Non-Farm Employment Data
(Released on April 5; next release date is May 3)
Non-farm employment data show an addition of 303,000 jobs in March, with the unemployment rate dropping to 3.8%, indicating that the job market remains strong. This data is crucial for the Fed’s policy-making because it pertains to economic growth and inflation expectations. A strong job market might make the Fed more cautious about cutting rates, which is a bearish signal for financial markets.

Four: Job Opening Data
(Released on April 2; next release date is May 1)
The data indicate that despite a decline in job openings, there is still strong demand in the labor market. This is particularly important for the Fed, as it provides direct evidence of the tightness in the labor market. If job openings remain high, it could increase wage inflation pressure.

Five: Impact of the Balance Sheet Reduction Plan on Financial Markets
Current status of the balance sheet reduction plan: During the COVID-19 pandemic, the Fed expanded its balance sheet to $9 trillion to stabilize the market and stimulate the economy. Since June 2022, the Fed has been reducing the size of its balance sheet, with bond holdings now down to about $7.5 trillion. The quantitative tightening policy allows up to $95 billion per month of U.S. Treasury and mortgage-backed securities to mature without reinvestment, aiming to gradually reduce market liquidity and control inflation.

This chart is a daily chart of London Gold and Bitcoin.As we just discussed, gold and cryptocurrencies are often seen as tools for hedging against inflation. Influenced by inflation data, the prices of these assets typically show heightened sensitivity. If inflation data continues to indicate high levels, this could indirectly boost the appeal of gold and cryptocurrencies as investors usually seek such assets to preserve value.

However, looking at the market performance yesterday and today, the price of gold has significantly dropped below the $2300 support level, and Bitcoin also fell below the $60000 mark. Does this price action suggest that the market anticipates inflation may not continue to rise, or is there an expectation adjustment for the upcoming Fed policy? If so, mates, I ask you to consider whether this is bullish or bearish for the stock market?

This price volatility presents a research opportunity, and we can use tomorrow's price movements of gold and Bitcoin to verify whether our understanding of inflation trends is accurate. Tomorrow, we will continue to track the performance of these two assets and further analyse and discuss their market movements. This will not only help us better understand the market but also optimise our investment strategies.

The Fed's policy decisions have profound implications for global financial markets. If the Fed opts to slow the pace of balance sheet reduction, this is usually interpreted by the market as a dovish signal, which could boost stocks and bonds in the short term by easing liquidity constraints. Conversely, if the Fed decides to maintain or even accelerate the pace of balance sheet reduction, it could increase selling pressure in the market as it raises the cost of capital in the economy.

For investors, understanding the direction of Fed policy is crucial, especially around decision days. The speeches by the Fed Chair often contain clues about future policy directions. Tomorrow's interest rate decision and subsequent speech by Chairman Powell will be critical moments for market investors to make strategic adjustments. With this information, investors can better understand market trends, adjust their investment portfolios, and adapt to potential market volatility.

Through tonight's sharing, I hope you can gain a deeper understanding of how these macroeconomic factors influence financial markets and use this knowledge to optimise your investment decisions, thus staying ahead in a constantly changing market.

This chart is the daily chart of AGL. From AGL's daily chart, we can see that AGL's overall performance is stronger than the broader market. When the market index hit a new low since April 22nd, AGL’s share price remained stable above the MA5 moving average line and continued to rise. This reflects that our previous buy decision based on fundamental and technical analysis was correct. In the current poor market performance, choosing stocks with stronger defensive characteristics is the right strategy.

AGL’s resilience highlights that our initial strategy was very appropriate. The market environment remains weak, but AGL’s technical analysis still shows a positive trend, so we need to continue to follow the trend in our operations. This strategy will help us maintain stable returns in an unstable market and maximize our investment effectiveness.

This image is the daily chart of COL. The price adjustments on Monday and Tuesday, which I discussed yesterday through market depth language and with mates, were primarily due to major institutions washing out the market. They create market panic, inducing retail investors to sell off their shares at low prices, thus allowing institutions to accumulate stocks at lower prices. If you were unable to accurately interpret the market's depth language yesterday, you might have unfortunately transferred your holdings to institutions at a disadvantage.

Regarding COL, the stock price trend also aligns with our expectations, and the price has not yet officially begun to rise. Therefore, similar to AGL, we should remain patient and continue to hold the stock. As long as the trend does not change, we will continue to follow our original strategy and patiently wait for the stock price to increase. Such operations will help us to proceed robustly in an unstable market, avoiding losses of potential investment returns due to short-term fluctuations.

Investing is not only about economics; it's also a form of psychology. This field, often referred to

as behavioural finance, explores how investors make decisions in the face of uncertainty and how they are influenced by cognitive biases. These psychological factors, including overconfidence, herd behaviour, and loss aversion, can all affect investors’ decisions and the overall dynamics of the market.
Therefore, successful investing involves more than just analysing numbers and data; it also requires an understanding of human behaviour and psychological motivations. This is why we say that investing is the perfect blend of psychology and economics. This interdisciplinary approach helps us more comprehensively assess risks and make more rational investment decisions.

In our community, we have gathered mates from various industries with a common goal: to share successful investment experiences and help each member grow their wealth. We are committed to simplifying the investment process, making investing easier and smarter. Through this approach, we aim to expand our influence in the Australian financial market and build a strong brand.
Dear mates, as you gain knowledge and achieve wealth growth in this community, would you be willing to help us promote this community? To let more investors learn about and join us in achieving our wealth growth objectives?

The broader market remains unstable, and recently I've recommended two defensive stocks to mates. In a rising market, these stocks might perform modestly, but they often excel during downturns, which relates to their industry characteristics. Market sentiment always adjusts with the environment. Therefore, if you lack a deep understanding of the current market or find it difficult to judge the trends of your stocks, you can send the stock information to my assistant. I will help you analyze it when I'm available and provide valuable advice.

Yesterday, I mentioned that the market volatility of COL was due to major institutional wash trading. Tomorrow night, I will continue to discuss in depth with everyone how institutions accumulate shares in the sharemarket and how they play against retail investors. Through this learning, we can better understand the logic behind institutional operations, supporting our investment decisions.

Today's discussion is coming to an end, and I thank everyone for their enthusiastic participation. Before we conclude, I would like to leave you with two questions to help deepen your understanding of the topics we discussed today:
1: How would the financial markets be affected if the Fed adjusts its balance sheet reduction strategy, whether by slowing down or speeding up the pace?
2: From the buying logic of AGL and COL stocks, what new insights or inspirations have you gained?

I hope these discussions will stimulate your thinking and enhance your understanding of the market. Tomorrow, we will continue our financial education journey, exploring more about market knowledge.

I wish everyone a pleasant evening, and see you tomorrow.