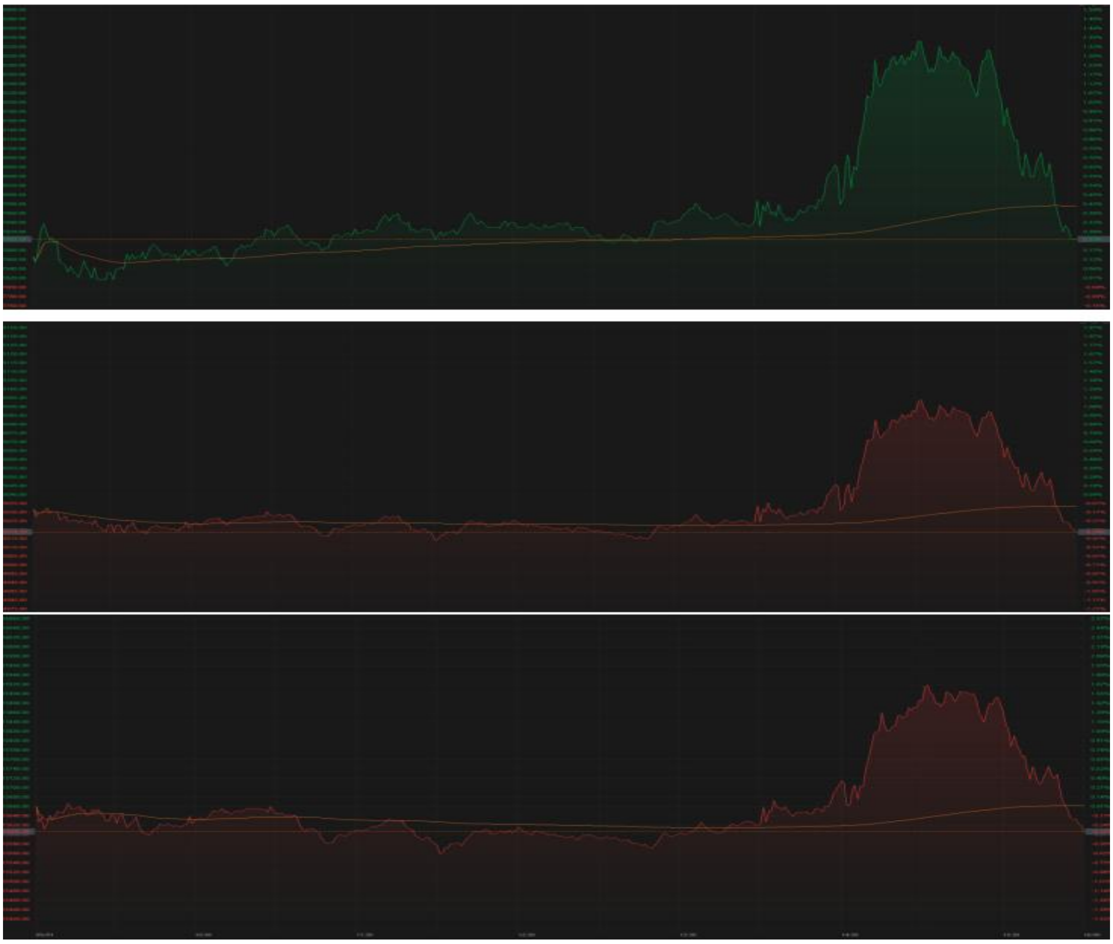
Good evening, friends!
I’m White Green, Principal at Wilma Wealth Management and Business School, your closest investing friend! . Welcome to the Aussie Wealth Sharing Forum Group, a free stock knowledge sharing group. Here, we will provide you with the latest market trends and unique analysis every day, and become the leader on your investment journey!

1: Today, Australia's three major indices experienced a slight rebound. Will this continue tomorrow? How should we analyse the future trajectory of the XJO index?
2: The U.S. sharemarket saw significant fluctuations yesterday. What factors drove these intense market movements?
3: While the overall market was up, AGL and Coles Group (COL) experienced declines today. Is this a normal market adjustment or a reversal in trend?
4: Based on the market performance of Coles Group, what are the intentions of institutional investors? What are some common strategies institutions use to accumulate shares?

Tonight, I'll be sharing the above topics with you all, focusing on how to study the Australian market through macroeconomic dynamics, understand institutional behaviours, and thus enhance our market insights and investment strategies.

Are you ready, mates?

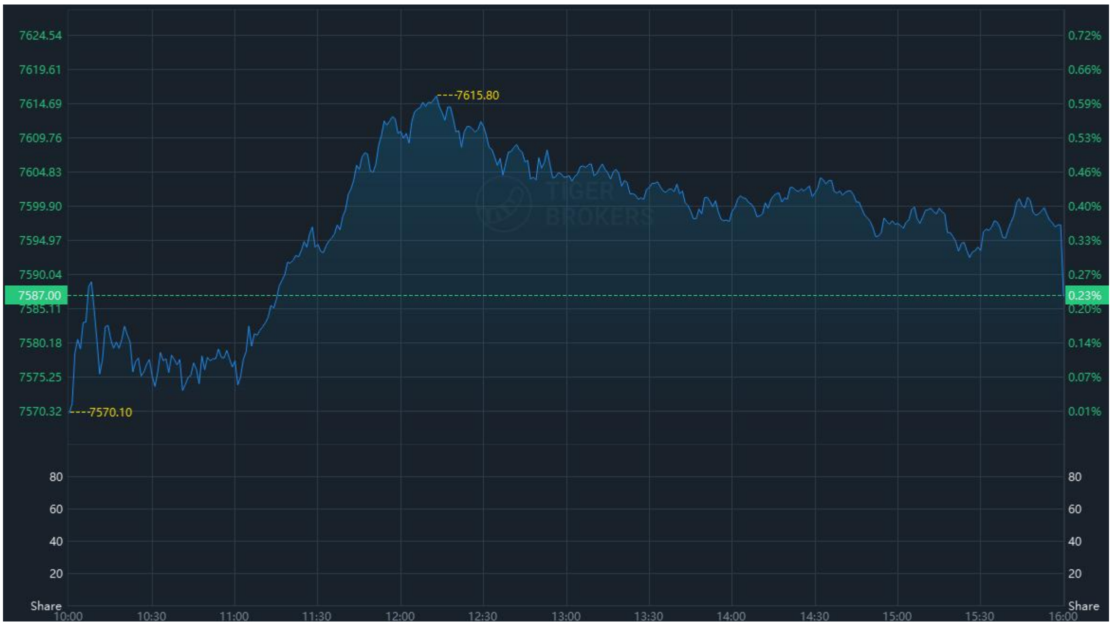


The image above shows the intraday charts for the Dow Jones, S&P 500, and NASDAQ from yesterday.

From the chart, we can observe that before the Fed's interest rate decision was released, the market volatility was relatively low, with the three major US indices mostly experiencing narrow fluctuations. However, as the Fed announced its rate decision and following remarks by Fed Chairman Jerome Powell, market volatility began to increase, leading to a rise followed by a decline. There’s a saying in the financial markets, “The sharemarket is the barometer of the economy,” and yesterday’s turmoil in the US sharemarket reflected this.

Yesterday’s market fluctuations were driven primarily by two major factors: first, the market’s changing expectations towards the Fed's policy. Despite recent economic data, such as inflation and retail sales, showing that the US economy remains strong, this actually lowered the market's expectations for a quick rate cut by the Fed. Second, the dramatic volatility in tech stocks, particularly major companies like Nvidia, which saw sharp price drops following specific earnings reports and market reactions, significantly influenced the NASDAQ's trajectory.

This kind of market volatility not only reflects the market's immediate reaction but also demonstrates the market's sensitivity to future economic directions and policy changes. Yesterday's sharemarket movement is a classic example, showcasing the complexity of market sentiment and the uncertainty that investors need to navigate.



This image is an intraday chart of the XJO index.

Today's performance of the XJO index showcased the complexity of market sentiment and the cautious attitude of investors towards future market movements. The index made a slight surge in the early morning driven by the financial sector, but then mostly remained in a weak fluctuation state for the majority of the day. A second broad rise in the financial sector also led to gains in other key sectors like materials and real estate; however, the index suddenly fell over ten points towards the close, showing investor sell-off behaviour at the end of the trading day, reflecting concerns about tomorrow’s market trends.

In terms of sector performance, information technology, financials, and materials were strong today, while sectors like food retail and utilities, which were relatively resistant to declines yesterday, turned into today’s leading losers. This rapid rotation between sectors highlights the short-term uncertainty and variability in the market, and advises investors to consider the impact of sector rotation when devising trading strategies, timely adjusting their portfolio composition to cope with the rapidly changing market environment.

This image displays the daily chart of the XJO index.

Yesterday, I shared with you all that since the significant drop on April 16th, the XJO index has been in a consolidation phase within a lower level trading range. Today, the index continued to attempt a slight rebound at the bottom of this range, which reflects the market's uncertainty and investors' cautious mindset.

Mates, it’s important to understand that sharemarkets typically operate in one of three basic states: uptrend, downtrend, and consolidation trend. Currently, the XJO is in a consolidation trend, oscillating within the trading range set after the drop on April 16th. The bottom of this range is around the 7560 point level, which serves as a critical support in the short term. We need to closely monitor the market's movements to determine whether the index will break this support and continue downward, or if it will break through the upper resistance of the range and make an upward breakout.

Given the index’s drop by ten points at the close today, investors remain cautious about the future market. Regarding tomorrow’s strategy, if there is no significant volatility in the U.S. sharemarket tonight, the index is expected to remain within its current oscillation range.

In our financial investment journey, understanding the strategies of institutional investors is crucial as their actions can significantly impact the sharemarket, including the price movements of individual stocks. Institutional investors possess substantial market influence, and their buying and selling behaviours often signal future market directions. Therefore, comprehending the strategies institutions employ at different price stages is essential.

For instance, the Coles Group (COL) stock I mentioned earlier is currently in what's called a “shakeout” phase. A shakeout is a key moment when institutional investors accumulate shares in the market, enabling them to amass a large volume of shares at lower price levels, preparing for future price increases. The tactics of institutions in absorbing shares vary widely but generally include some well-crafted strategies designed to accumulate shares without attracting excessive market attention.

Tonight, we'll delve deeper into these common share accumulation strategies used by institutional investors. By understanding these strategies, we can better swim with the market's big whales and capture the upside potential driven by institutional capital. This is not just a strategy but a wise investment philosophy, helping us maintain our position in the complex financial markets.

Institutions often employ various tactics when accumulating shares, including buying in low price ranges, shakeout, actively participating in market trends, and manipulating trading volumes:

Low Price Range Accumulation: Institutional investors accumulate stocks by buying in large quantities within low price ranges. This strategy is typically implemented during market downturns. After a significant price drop, they accumulate shares over a period of three to six months at these lower levels before pushing the stock price higher. The stock mentioned above is a typical example of low price range accumulation.

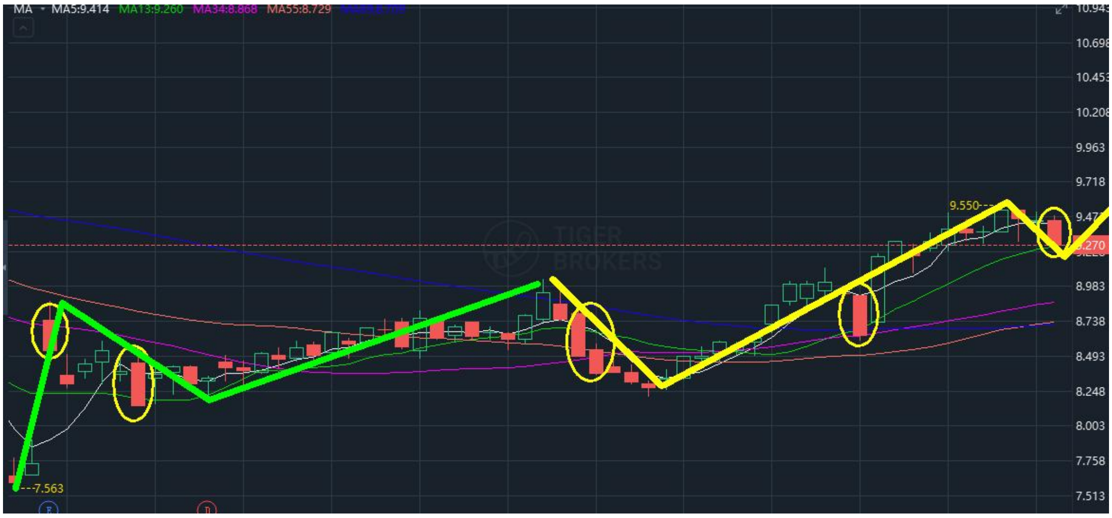
Shakeout: Institutions might sell off large quantities of stock to scare away smaller investors, then buy back the stock at lower prices, creating the impression of a short-term price drop. This tactic, sometimes called a "shakeout," aims to rid the market of weaker shareholders so that more shares can be acquired at a lower price. Just a few days ago, some traders noticed that Coles Group (COL) shares dropped quickly after the market opened, with large buy orders coming in, but the price was suppressed. The reason is that institutions wanted to create market panic and buy more shares without driving the price up. They needed to create market panic to accumulate more shares at lower prices.

Active Market Participation: By publishing positive or negative research reports to influence market sentiment and manipulate stock transactions at more favourable price levels. Recently, a mate told me that Goldman Sachs had issued a sell report for COL and a buy report for Woolworths (WOW). I believe Goldman Sachs' actions represent active participation in market trends. Here, I want to inform you all that major institutions like Goldman Sachs, Citigroup, and UBS are profit-driven, not charitable organizations. COL and WOW are two of the largest food retailers in Australia. If you decide not to invest in COL but in WOW, you might face significant losses during this period. Furthermore, it’s publicly available information that Goldman Sachs already holds shares in Woolworths. Now, do you see why Goldman Sachs would recommend selling COL and buying WOW?

Volume Manipulation: Institutions might control the trading volume to influence stock performance, such as trading intensively at specific times to attract other investors' attention, thereby creating a false impression of selling. This was evident a few days ago when COL experienced a surge in sell orders at market opening.

As we gain a deeper understanding of the strategies institutions employ in the market, we can use this knowledge to identify potential manipulations or abnormal trading patterns within the market. With such insights, we can avoid making decisions in an environment where information is not equal, and we can also adjust our investment strategies accordingly. For example, we might choose to trade during times or in stocks that are less influenced by institutional manipulation, or learn to recognize and follow institutional actions to benefit from their impact on the market.

Therefore, a thorough understanding of institutional operations and market mechanics is crucial for enhancing our financial knowledge and market comprehension. This not only helps us make wiser investment decisions but also positively influences the development of our entire investment career. Mates, do you agree with this perspective?



This chart shows the daily trend for AGL Energy, which is also controlled by Institutions. From the chart, we can see that the stock price has been slowly rising from a low base, and once it reaches a certain height, it quickly falls before continuing to rise slowly. This method is referred to by institutions as the "long bull, short bear" strategy because institutional entry to accumulate shares causes changes in the stock's bullish and bearish forces, leading to an inconspicuous rise driven by institutional buying. After a period of slow growth, institutions typically use a small amount of shares to quickly push the price down, enabling them to continue building their positions at lower prices. This cycle repeats, creating a series of bull and bear short-term N-shaped candlestick patterns on the chart.

Mates, do you remember my morning analysis of AGL? I mentioned that if the stock price falls back to the MA13 moving average, it represents a great buying opportunity — do you recall? Therefore, for AGL shares, the trend and popularity are there; a pullback is our opportunity to continue buying. This is why we're taking profits now, but haven't told you to sell yet.

The image above shows the daily and weekly charts for Coles Group (COL).
A few days ago, I discussed in detail with you all about COL’s market performance and why the stock price failed to break through. By analysing the intraday chart, we observed institutions suppressing the stock price to accumulate more shares. Institutions are reluctant to drive up the stock price prematurely, as increasing it before accumulating sufficient shares is not in their favour. Today's daily chart shows that the stock price only retraced to near the MA89 moving average and did not fall sharply like Woolworths (WOW), because institutions do not want the price to drop too much, avoiding damaging the technical pattern, which would be unfavourable for market analysts. Additionally, the weekly chart indicates that there is strong support at the Bollinger Bands' middle band, with the price quickly rebounding upon reaching this level.

Therefore, technically speaking, COL does not show a negative trend. Once institutions have accumulated enough market shares, their upward movement will attract more technical traders to follow suit and buy in, thus pushing the stock price further up.
So now you understand, around 16 Australian dollars is a pretty good entry point for buying!

Yesterday, we discussed a very crucial point: finance is essentially a combination of psychology and economics. By understanding the thought processes of institutional investors, we are effectively applying principles of psychology and economics to analyse and predict market dynamics. This mindset is highly applicable across all financial markets, whether it's the traditional stock and forex markets or the emerging cryptocurrency markets.

The market is fundamentally driven by supply and demand dynamics, which are often strongly influenced by the psychological states of market participants. Understanding market psychology and grasping the thought and behavioural patterns of large institutional investors can greatly enhance our trading strategies. This is because institutional investors, due to their large scale of operations, often leave clear traces in the market. Learning to interpret these signals is crucial for predicting market trends and seizing investment opportunities.

Therefore, I encourage all community members not only to learn about financial instruments and market mechanisms but also to deeply understand market psychology and analyse market behaviours from both macro and micro perspectives. This will help us find stable profit opportunities in the uncertain financial markets and achieve robust growth of our assets.

Tomorrow is the release day for the U.S. non-farm payroll data, a key economic indicator that could cause significant fluctuations in financial markets, including stocks, forex, precious metals, and cryptocurrencies. Before the non-farm payroll data is released, I will use institutional thinking to interpret these data in tomorrow night's class, preparing us to handle potential market volatility. I hope everyone will actively participate and join in the discussion on how we can use this information to optimise our investment decisions.

That concludes our discussion for today, and I thank everyone for their active participation. Before we finish tonight's session, I'd like to leave you with two questions to further deepen your understanding of today’s content:

1: What are some common methods used by institutions to accumulate shares in the market?

2: Considering the current market performance of AGL, should we take profits now or continue to hold? Please share your reasons.

I hope these questions will stimulate your thinking and help enhance your understanding of the sharemarket mechanisms. We will continue our discussion and exchange in tomorrow’s class!

Have a great evening, and see you tomorrow!