

G'day investors!

Welcome to Investment Forum, I am White Green, your most trusted investment companion!

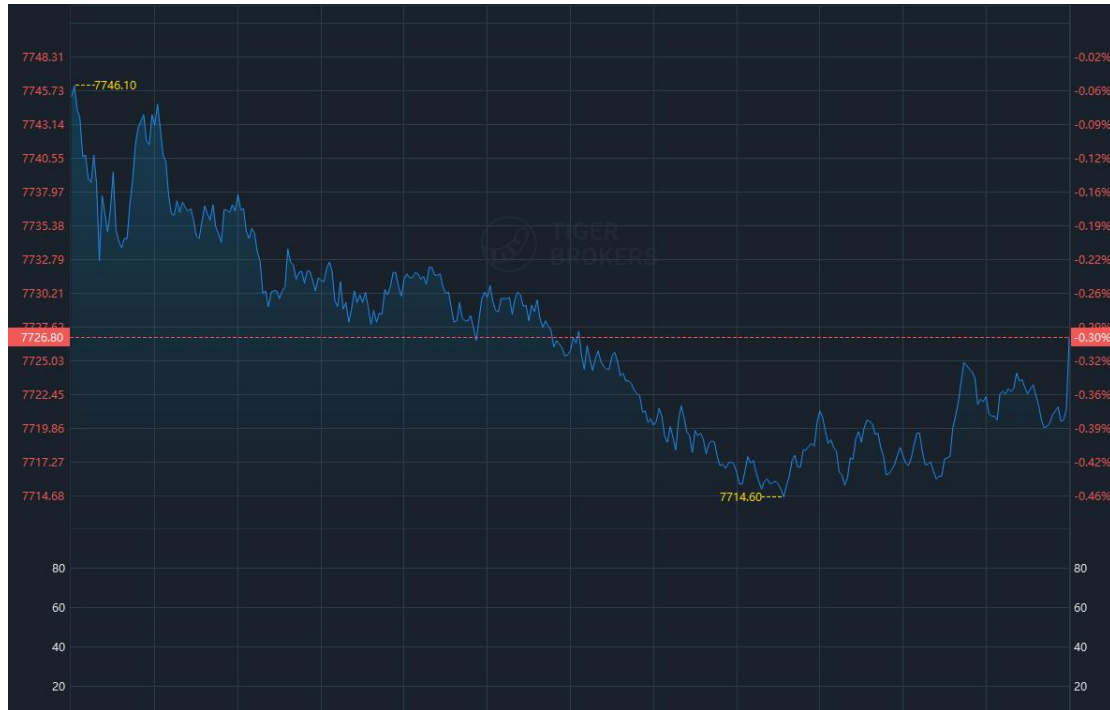
Today, the three major indices on the ASX exhibited a downward trend, as market participants maintained a cautious sentiment ahead of the release of U.S. inflation data. The XJO index has once again fallen to near the MA55 moving average. How should we assess the market's future direction?

The stocks in our investment portfolio have also declined alongside the broader market today. How should we view the stocks within our portfolio?

Global financial circles are closely watching the release of key economic indicators scheduled for today—the Producer Price Index (PPI) and tomorrow's Consumer Price Index (CPI). These indicators are crucial for assessing the inflationary situation in the United States and have a profound impact on the upcoming monetary policy decisions by the Fed. Market participants are keen to interpret these data to understand the Fed's potential interest rate trajectory.

In tonight's session, we will primarily share the aforementioned topics with our students. We will analyse the historical data of PPI, market expectations, and the potential impact on the market. Through tonight's detailed explanation and forecasting, we aim for every participant to enhance their understanding of the market, seize opportunities in upcoming market fluctuations, and mitigate risks. Let us look forward to and prepare for the release of these important economic indicators, ensuring our investment decisions are more scientific and robust.

Investors, are you ready?



The chart above shows the intraday movement of the XJO index.

Today, the XJO displayed a relatively weak trend, maintaining a pattern of oscillatory decline throughout the day. This trend reflects the market's cautious sentiment ahead of the imminent release of U.S. inflation data. Market participants generally chose to adopt a wait-and-see approach, awaiting the results of the inflation data to make more accurate predictions about future market trends.

On the trading floor, the non-essential consumer goods and healthcare sectors exhibited counter-market rises, becoming highlights of the market with leading gains; meanwhile, sectors heavily influenced by interest rates such as real estate, information technology, and industrials underperformed today, leading the declines.

This market behaviour highlights typical market dynamics ahead of major economic data releases. Investors should remain vigilant under these circumstances, paying close attention to the upcoming data, particularly inflation figures, as they will have significant implications for market expectations and the Fed's monetary policy decisions.



The chart above is a daily chart of the XJO index.

Today, the XJO once again retreated to the MA55 moving average. Near the close of trading, the index managed to stabilise above the MA55 line, illustrating the MA55's role as a significant technical support level. Tonight, the global financial markets will be closely focused on the upcoming release of the U.S. Producer Price Index (PPI). This key economic indicator is critical for predicting the Consumer Price Index (CPI) that will be released tomorrow, as the PPI provides early insights into changes in production costs, which ultimately affect consumer prices. Given that the PPI is indicative of the CPI, it is also considered an important tool for analysing potential directions in the Fed's future monetary policy, especially in a market environment that is highly attentive to the trajectory of interest rate cuts.

For the XJO index, tomorrow will be a significant test of the support at the MA55 moving average. Therefore, in tonight's analysis, we will pay special attention to the release of the PPI data in order to more accurately forecast the likely market movements for tomorrow.

Today in the Asia-Pacific markets, we've noticed a trend of slight adjustments across all major stock indices. Global investors are focused on the imminent release of U.S. inflation data, particularly tonight's Producer Price Index (PPI) and tomorrow night's Consumer Price Index (CPI). These key figures are crucial for assessing the future interest rate policies of the Fed, as they will directly influence the dynamics of global financial markets.

Tonight, we will analyse and interpret the historical data of the PPI that is due to be released today, alongside market expectations and its potential impact on the market, to better understand the current market environment.

What are the PPI and CPI indicators:

Producer Price Index (PPI): The PPI primarily measures changes in the prices of goods at the production stage. It provides early indications of price changes in primary markets, which is useful for predicting the Consumer Price Index (CPI). An increase in the PPI typically suggests that consumers will face higher costs, which may drive up the CPI, reflecting increased inflationary pressure at the consumer level.

Consumer Price Index (CPI): The CPI directly reflects the price changes consumers face when purchasing goods and services, and it is a direct measure of inflation. An increase in the CPI indicates rising inflation, which may prompt the Fed to implement a contractionary monetary policy, such as raising interest rates, to curb economic overheating.

The U.S. Producer Price Index (PPI) is an important economic indicator because it provides data on the changes in prices paid by producers, reflecting inflationary pressures at the production level. The PPI is often regarded as an indicator for predicting future Consumer Price Index (CPI) trends, as changes in producer prices may ultimately be passed on to consumers.

The significance of the PPI indicator:

Economic Guidance: PPI data can provide clues about the level of economic activity, as changes in producer prices may reflect shifts in market demand and supply. A high PPI might suggest rising production costs, which could lead to higher final product prices, and vice versa.

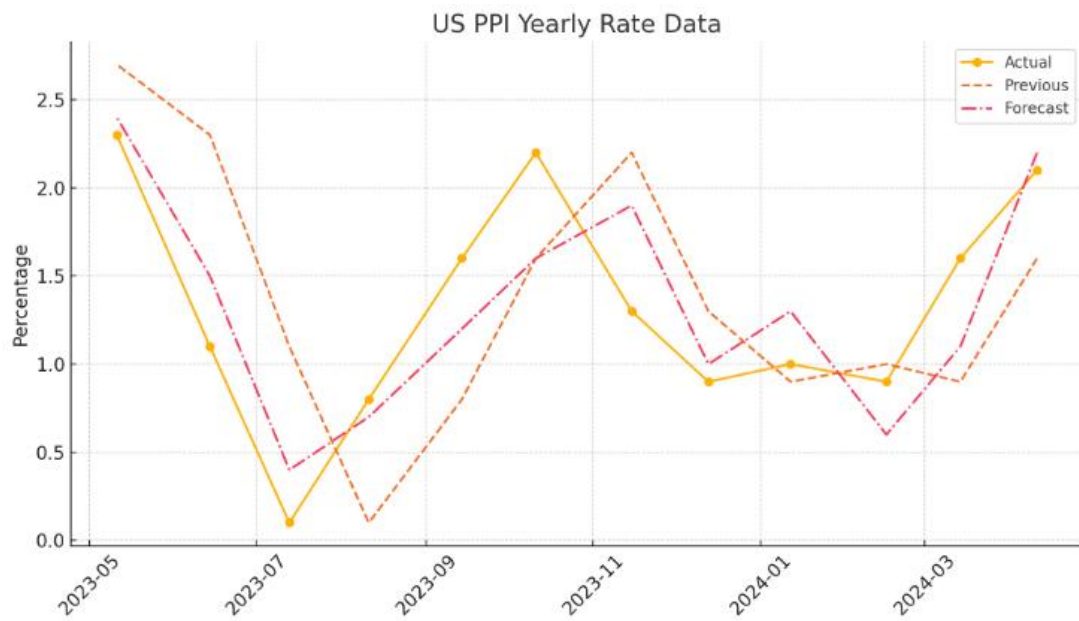
Inflation Pressure: The PPI is one of the key indicators for measuring inflationary pressures. An increase in the PPI may indicate a future rise in the CPI, which could lead central banks to implement contractionary monetary policies to curb inflation.

Monetary Policy Decisions: Central banks often monitor PPI data to determine if there is a need to adjust monetary policies. A high PPI might prompt the central bank to raise interest rates to control inflation, while a low PPI might lead to a cut in interest rates to stimulate the economy.

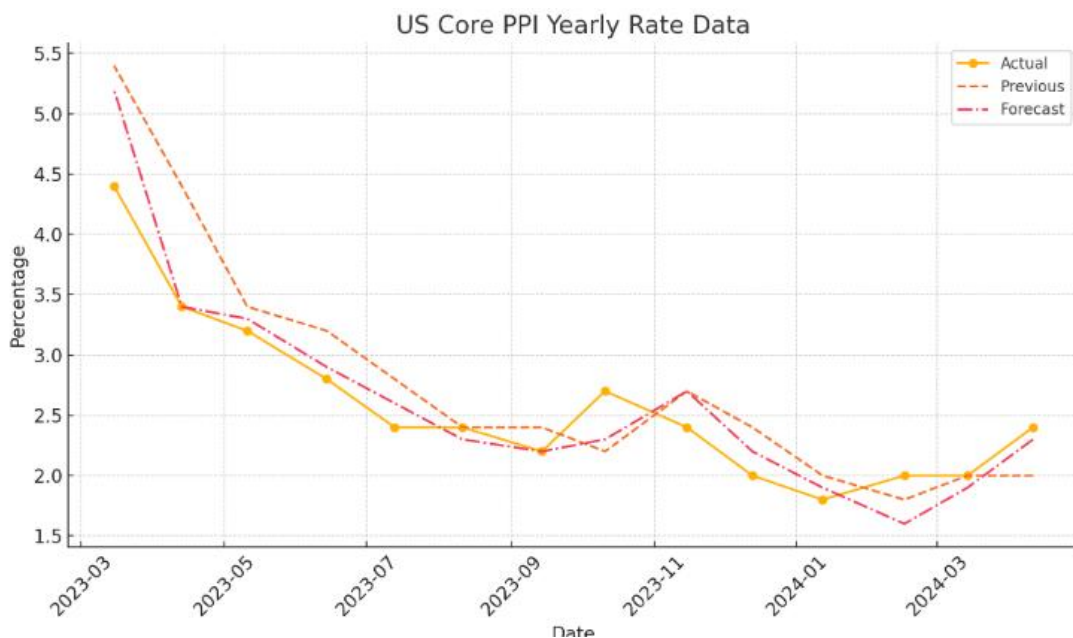
Market Reaction: Following the release of PPI data, there can be significant impacts on financial markets. If the PPI is higher than expected, it could lead to a decline in stock markets, an increase in bond yields, and a depreciation of the currency.

Overall, the PPI is an important economic indicator, critical for understanding

economic activity, inflation expectations, and the formulation of monetary policy, hence it attracts considerable attention from global investors.



The chart above includes the actual annual PPI rate, the month-over-month rate, and the forecasted rate for the dates listed.



The chart above includes the actual annual rate of core PPI, the rate from the previous month, and the forecasted rate for each date listed.

From the chart, we can see that the annual rate of the Producer Price Index (PPI) exhibits significant volatility, which not only reveals the instability of raw material costs but also reflects changes in market demand. These fluctuations directly impact production costs and subsequently affect the overall economy. In contrast, the core PPI (PPI excluding food and energy prices) shows greater stability and is generally considered a more reliable indicator for measuring inflation.

According to market forecasts, the PPI data to be released tonight in the United States is expected to be 2.2%, slightly higher than the data from March by 0.1 percentage points. The significance of this expected value lies in its potential impact on tomorrow's Consumer Price Index (CPI), which is the primary indicator for measuring consumer-side inflation.

If tonight's PPI data exceeds market expectations, it may indicate that consumers will face higher price pressures, potentially prompting the U.S. Federal Reserve to implement more contractionary monetary policy measures to curb inflation. This could be unwelcome news for investors hoping for a Fed rate cut in September. Conversely, if the PPI data is below expectations, the market's anticipation for a rate cut could increase, thereby potentially boosting the attractiveness of the stock market and providing a lift to stock prices.

Tonight, we will be closely monitoring the specific figures of the PPI data, as it will have a direct impact on tomorrow's CPI data, both of which are crucial considerations for the Fed when setting the course for upcoming monetary policy. Given the significance of the PPI and CPI data for the capital markets, tonight's data release will undoubtedly cause significant fluctuations in the global financial markets. Therefore, as investors, we need to stay alert and keep abreast of market developments in order to make timely and informed investment decisions.

In today's global economic environment, the issue of inflation has become an unavoidable challenge, especially in our country where we can clearly feel its profound impact on daily life. The sharp rise in housing prices and the ongoing increase in the cost of essentials have become widespread phenomena. Taking my city as an example, the significant rise in house prices over the past year has brought asset appreciation to those who own property, but it has also added tremendous economic pressure on new families needing to buy homes. Additionally, the rising costs of renting and the continuous surge in supermarket food prices have directly

squeezed many families' disposable income.

In this economic context, understanding and participating in financial investments becomes particularly crucial. By investing in stocks and other financial derivatives, we not only enhance our personal financial knowledge but may also create new sources of income, thereby alleviating some of the financial pressures brought by inflation to a certain extent. Although investing in the financial markets carries inherent risks, these can be effectively managed through precise market analysis and strict capital management strategies, allowing us to seize the opportunities offered by the market.

Enhancing investment skills and financial knowledge is not only an effective way to address current economic challenges but also to prepare for possible future market fluctuations. Each of us should strive to improve our financial management capabilities, to face this challenging era with wisdom and decisiveness. Let us work together, through education and practice, to pave the way for a more prosperous future.

In today's trading, the stocks in our portfolio experienced a slight decline. I want to tell our students that any investment decision should be based on a clear set of standards and conditions. As long as these foundational conditions remain valid, our investment strategy is still sound. Daily market fluctuations should not be a reason for us to change our strategy.

It is only when our initial buying conditions change, such as significant shifts in the fundamentals of the stocks or market trends, that it becomes crucial to re-evaluate our portfolio. This re-evaluation helps us avoid further losses and can optimize our portfolio to adapt to the new market conditions. Therefore, the stocks in our portfolio are still operating within the trends we anticipated, and we simply need to be patient and wait for price movements.

Furthermore, as an investor, it is crucial to cultivate a long-term investment perspective. Short-term price fluctuations, whether up or down, should not affect our overall investment strategy. In fact, patience is not only key to successful investing but also the most challenging aspect, distinguishing successful investors from average ones.

Lastly, I encourage everyone to maintain a mindset of learning and adaptation under any market conditions. Through continuous learning and practice, we can better understand market dynamics, enhance our ability to deal with market volatility, and thereby become more robust and successful on our investment journey.

Thank you all very much for your enthusiastic participation and insightful discussion tonight.

Tomorrow night, the United States will release key Consumer Price Index (CPI) data, which is an important measure of inflation. Tomorrow's session will use the Producer Price Index (PPI) data released tonight to predict and analyse the likely trends of tomorrow night's CPI and its impact on the financial markets.

Wish everyone a pleasant evening, and I look forward to seeing you all tomorrow!