

G'day investors!

Welcome to Wilma Wealth Management , your most trusted investment companion!

Tonight's session will delve into the market outlook for the upcoming week. With the ASX's three major indices having risen for four consecutive weeks, the next move in the market is undoubtedly our focus.

1. After this week's data-driven trading, next week's market is expected to be more influenced by technical factors. We will explore whether the ASX's three major indices still have the momentum to continue rising and identify which industry sectors might become next week's market hotspots.
2. We will review this week's significant market news and analyse its impact on the market. Additionally, we will preview the key economic data to be released next week, which will have a substantial influence on market trends.
3. An analysis and discussion of the market outlook for COL, PLS, and IEL for the next week.

Tonight's discussion aims to help everyone better understand market dynamics and prepare thoroughly for next week's trading. We will delve into how various factors interact and how to leverage this information to seize market opportunities.

Let's work together to analyse and prepare for the challenges and opportunities in next week's market. Through tonight's session, I hope each participant can enhance their market understanding and optimise their investment strategies.

investors, are you ready?



Above is the weekly chart of the XJO index

As we can see from the chart, driven by this week's data, the XJO index continued to gain 0.84% this week, which is the fourth consecutive week of gains. The weekly data was driven by the US inflation figures for April, which indicated a moderation in inflation rates. This development has intensified market expectations that the Fed may cut interest rates later this year. Additionally, Australia's latest budget announcement and the April unemployment data have led to a market consensus that the RBA is unlikely to raise interest rates in the near term.

These positive fundamental news and the anticipation of rate cuts have facilitated the XJO Index to achieve four weeks of successive rises. Currently, the index is nearing its previous historical high of 7910.5 points. From a technical perspective, the moving average indicators are diverging in a bullish alignment, with the index well-positioned above several moving averages. The MACD indicator shows a contraction in the red momentum bars, and the convergence and crossover of DIF and DEA suggest potential further upside, as DIF appears poised to cross above DEA. The KDJ indicator has formed a golden cross near the 50 midpoint, also indicating upward momentum.

Given that major global stock indices are also reaching or approaching historic highs, such as the Dow Jones Industrial Average which stabilized above 40,000 points for the first time on Friday, the XJO Index appears technically poised to continue its

pursuit of previous historic highs in the early part of this week.

However, as we move into the latter part of the week with the impending release of the latest the Fed monetary policy meeting minutes, global financial markets could experience renewed volatility. If Fed officials express hawkish views, the XJO Index could exhibit a pattern of initial gains followed by declines next week. Therefore, it is crucial to closely monitor the potential impacts of these meeting minutes in order to adjust our investment strategies and ensure preparedness for possible market fluctuations.



In today's session, we begin by reviewing some of the important news from the markets over the weekend and how it impacted financial markets:

### **An Israeli attack on a refugee camp in central Gaza killed 20 people**

In a weekend of global events, the tragedy of an Israeli attack on central Gaza that killed at least 20 people once again revealed the impact of geopolitical tensions. Such events are not only a humanitarian disaster, but can also cause significant volatility in financial markets, especially in safe-haven assets such as gold and oil.

I particularly like Peter Garrett, the lead singer of our Australian rock band Midnight Oil, who is not only a vocal voice on the music stage, but also an active advocate for environmental protection and social justice within the political sphere. Peter's actions remind us that although the world may not be as peaceful and just as we think it is, each of us has a role to play in the context of global economic integration, to face reality positively, and to strive for greater peace.

In financial markets, geopolitical instability tends to push up the price of assets that are seen as safe havens, such as gold and oil. Tensions in the Middle East, if sustained, could lead to further increases in the prices of these commodities, which could affect global capital markets. As investors, we must keep a close eye on these developments, assess their potential impact on our portfolios, and develop strategies to respond accordingly.

### **Bitcoin is now closer to a tech stock**

The market performance of Bitcoin has been particularly remarkable this week, stabilizing at the \$66,000 mark and bringing its year-to-date gain to 58%, compared with an 11% gain for the Nasdaq 100 index over the same period. The comparison shows that bitcoin and tech stocks are increasingly moving in sync, a phenomenon reflected in recent market data, with the 90-day correlation between Bitcoin and the tech-heavy Nasdaq 100 index climbing to 0.46 this week, its highest level since late August. Since the Fed began raising interest rates in early 2022, the correlation between bitcoin and other risk assets has soared to an all-time high of more than 0.8.

This trend reflects the renewed interest of market participants in cryptocurrencies as a growth asset, especially their ability to act as a technology and value transfer mechanism, making them more closely linked to growth assets such as the Nasdaq index and technology stocks. For a long time, Bitcoin has been considered a separate asset that is not related to traditional assets, dubbed "digital gold" and seen as an inflation hedge and store of value. This year's price volatility, however, has challenged those conventional wisdom. In particular, the launch of a Bitcoin futures ETF in the United States earlier this year has provided a new way for a wider group of investors to enter the bitcoin investment market.

With rising expectations of interest rate cuts by the Fed, the positive outlook for risk assets, including cryptocurrencies, is expected to further boost investor interest in this type of asset. These changes are not only a signal to market participants, but also provide a window into how fintech interacts with traditional markets.

Next week, we need to pay attention to a series of important economic data and events that will significantly impact market trends:

Monday:

- The Fed Chairman Powell will deliver a speech at the Georgetown University Law Center graduation ceremony.
- The Fed Governor Barr will give a speech.

Tuesday:

- Australia's ANZ Consumer Confidence Index for the week ending May 19th.
- U. S. Treasury Secretary Yellen, European Central Bank President Lagarde, and German Finance Minister Lindner will deliver speeches.
- The Fed Governor Waller will speak about the U. S. economy.

Wednesday:

- U. S. Existing Home Sales for April, annualized (in thousands of units).
- U. S. EIA Crude Oil Inventory Changes for the week ending May 17th (in thousands of barrels).

Thursday:

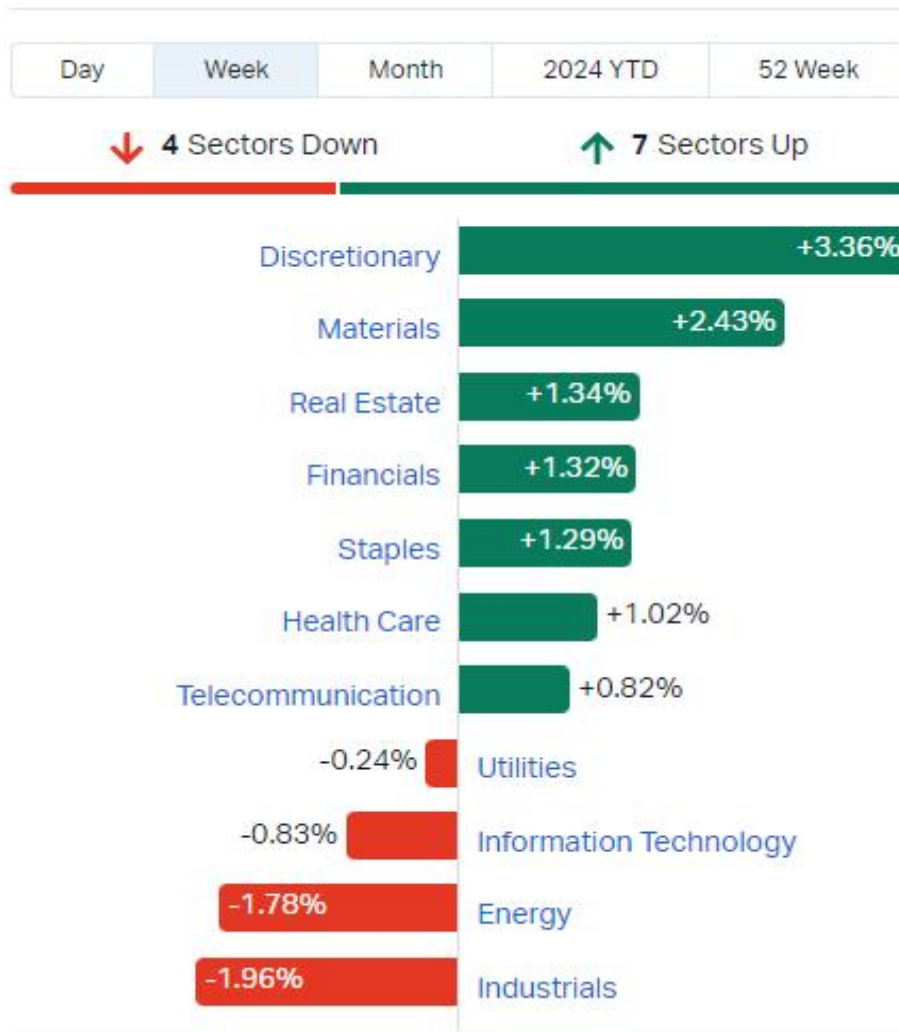
- U. S. S&P Global Manufacturing PMI preliminary figure for May.
- Federal Reserve to release the minutes of its monetary policy meeting.

Friday:

- U.S. Durable Goods Orders for April, preliminary monthly rate (%).
- The Fed Governor Waller will give a speech.

Next week, the focus of global financial markets will undoubtedly be on the minutes of the Fed's monetary policy meeting. This document is considered by global investors to be the most critical economic data of the week, as it will provide important clues about the future policy direction of the Fed. With the release of the minutes, we may witness significant fluctuations in global financial markets.

As keen market participants, we need to closely monitor every policy move by the Fed. The minutes not only help us understand the Fed's assessment of the current economic conditions but may also reveal adjustments to its future economic expectations, which are crucial for our investment decisions. By deeply analyzing these policy signals, we can better adjust our strategies to respond to potential market changes.



This week, among the 11 major industry sectors of the ASX, we observed that seven sectors experienced gains, while four faced declines.

Based on our predictions last Sunday, the Materials, Energy, Discretionary Consumer Goods, and Staples sectors were expected to attract special market attention this week. Following a week of market dynamics, the Discretionary Consumer Goods and Materials sectors performed well, leading the market's gains and aligning with our predictions. The Staples sector also saw an increase of more than 1%, but the performance of the Energy sector was contrary to our expectations, as it declined. Overall, our predictions for the trends of various industry sectors in the market were quite accurate.

Looking ahead to next week, as global investors' expectations for interest rate cuts strengthen and with the rollout of new budget proposals, I expect the Discretionary Consumer Goods and Materials sectors to continue their upward momentum. Additionally, due to escalating global geopolitical tensions and widespread expectations for rate cuts, the Information Technology and Energy sectors may see a market catch-up next week, potentially offering new opportunities for market participants.

In the following section, we will take a closer look at each stock within our investment portfolio, analyzing their trends and forecasting their potential impact on the market next week. In practical stock market trading, I have always emphasized the importance of trading psychology. In addition to conducting in-depth professional analyses of various market instruments, I also continually discuss with students the importance of patience and emotional management. I hope each student can fully understand these concepts and, through self-reflection and ongoing learning, continue to improve themselves to ultimately become traders with strong mental resilience.

In the stock market, successful trading relies not only on keen insight into market dynamics and precise technical analysis but also requires strong mental resilience and effective emotional control. By understanding market fluctuations and learning how to manage personal emotions, we can better master the timing of when to enter and exit trades, thereby optimizing our investment decisions and enhancing trading efficiency.





Above is the weekly chart of COL and WOW



Above is the weekly chart of Food Retail Concept (BK7040)

In the Australian retail industry, Coles Group Limited (COL) and Woolworths Group Limited (WOW) are two major players, and their stock price movements have a significant impact on the entire retail sector and the related index BK7040. From a technical analysis perspective, we've noticed that COL's performance has been stronger compared to WOW. COL's stock price has consistently stabilized above the middle Bollinger Band, indicating strong market support and buying interest. In contrast, WOW has also shown signs of halting its decline this week.

Observing the BK7040 index, the current technical indicators show positive signals. The KDJ indicator has formed a golden cross and is trending upwards, while the MACD's red momentum bars are diminishing, with the DIF about to cross above the DEA, suggesting a potential market rebound. Therefore, it is expected that the BK7040 index will continue to rise next week, attempting to approach the resistance level of the middle Bollinger Band.

For students holding Coles Group Limited (COL), the current strategy should be "follow the trend." As long as COL's trend remains intact, patience should be maintained. With proper risk management in place, trust and leverage the power of the trend to achieve investment returns. This approach emphasizes riding the momentum while being vigilant about any shifts that might necessitate adjustments to the investment strategy.



Above is the weekly chart of the lithium cobalt concept (BK7504)



Above is the PLS weekly chart

After a detailed analysis of the weekly chart for the BK7504 index, it is evident that the index has recently continued to maintain above the MA5 moving average and is gradually ascending. After successfully breaking through the MA34 moving average, this week's retest of the MA34 line

further validates that the breakthrough was effective. In terms of technical indicators, the MACD shows that the green momentum bars are increasing in volume, indicating that the trading volume accompanying the price rise is also increasing, a sign of a healthy upward structure. Meanwhile, the KDJ indicator has formed a secondary golden cross near the mid-value of 50 and is diverging upwards, indicating an accelerating upward technical trend. Therefore, a comprehensive technical analysis suggests that the BK7504 index exhibits strong upward momentum for the coming week.

Turning to the weekly chart of individual stocks of PLS, we notice that the share price has recently collated around the MA89 moving average. Despite three consecutive weeks of failure to effectively break the pressure level of MA89, the share price has not seen a significant decline near this pressure level, suggesting that institutional investors are accumulating at this level in preparation for a future upside breakout. In terms of trend, the overall trend of PLS is good, and each low point of its price adjustment is higher than the previous low point, indicating that the stock price is in an upward trend. As long as this trend remains unchanged, waiting patiently will bring us the value growth we are looking for.

Technically, it is anticipated that PLS will break through the resistance of the MA89 moving average next week, initiating a new upward cycle. Overall, both the BK7504 index and PLS as an individual stock are displaying positive signals in current market performance and technical indicators. Patience is advised to capitalize on the upcoming opportunities for an increase.



Above is a weekly chart of IEL

This week, IEL's stock has experienced significant volatility, a volatility that shows a retest of the

MA13 moving average pressure after a nearly two-month consolidation of the stock price. Such sharp price movements are a typical institutional strategy designed to detect the strength of selling from above and prepare for a possible subsequent rise in the stock price.

According to the official information available, since the beginning of May, financial giants led by Goldman Sachs have been actively buying IEL shares at a low level and gradually concentrating their holdings. This concentration of chips sets the stage for potential future gains in share prices.

From the perspective of technical analysis, the MA5 moving average has gradually flattened from the previous 45 degree decline Angle, indicating that the downward momentum of the stock price is waning. Shares have hit the MA13 moving average this week, indicating that the accumulation of leverage by institutions led by Goldman Sachs is nearing an end. Next, we can expect the stock price to once again attack the MA13 moving average and try to break out. As we approach our expected 30% return target, we need to be consistent and patient with our strategy.

Patience is not only a good investment partner, but also the cornerstone of our investment success. In the current market environment, it is critical to follow trends and be patient, especially when the market is showing trends in our favor.

Due to the lack of time, today's discussion is over. Thank you very much for your active participation!

Stay tuned for tomorrow's morning review, where I will provide a detailed analysis of the XJO's intraday action. If you are unsure about the future of your holdings amid the volatility of the stock market, please send your stock portfolio to my assistant. In my free time, I will provide you with solutions and constructive suggestions to help you better understand and respond to market dynamics.

I hope you have a good night tonight, and we will continue to discuss and exchange ideas tomorrow. Good night, investors!