

Preparing for the week ahead : Corellian 3 Step Process

Step 1: Where did markets end last week and why?

Risk sentiment stabilised into the close just above the weekly lows after traders digested what the central bank decisions meant for markets. **Friday: Fed Chairman Powell reiterated that the Fed are 'acutely focused' on returning inflation to 2% and US factory output declined for the first time in 4 months as consumers shun big ticket items, ensuring economic slowdown/recession fears remain at the front of traders minds.**



US bond yields broke to fresh 2022 highs at 3.49% to start the week but the move couldn't be sustained as fears over a US economic slowdown saw them close back at 3.23% right on the break out level (Oct 2017 Highs).

Major UK, European and US Stock indices had another poor week as the fall out from aggressive interest rate moves reverberate through markets. The USA 2000, small cap stocks, was the worst performer down 7.2% on the week as traders took a negative outlook for the US economy for the rest of 2022. (See page 2 for the USA 2000 Technical Update).

The USD rally hit a wall of profit taking post the FOMC meeting but the dip attracted buyers again ensuring another up week. GBPUSD had a very volatile week, trading to fresh 1.1933 lows, then back to 1.2406 post BoE meeting, before settling lower.

Commodities have underperformed in the last week as risk aversion cooled recent gains. Oil was the standout faller, down 9.9% on the week, its first losing week in the last 8. Copper also had a poor week as a stronger USD hit precious metals.

Financial Market	Closing Level Friday 10 th June	Closing Level Friday 17 th June	Weekly Change %	Financial Market	Closing Level Friday 10 th June	Closing Level Friday 17 th June	Weekly Change %
Asia Stocks:				G10 Currencies:			
China A50	13948	14280	+2.4%	EURUSD	1.0519	1.0494	-0.2%
Japan 225	27358	25979	-5.0%	GBPUSD	1.2310	1.2214	-0.8%
ASX (Australia) 200	6815	6348	-6.9%	EURGBP	0.8544	0.8592	+0.6%
Hong Kong 50	21328	20907	-2.0%	AUDUSD	0.7052	0.6932	-1.7%
Europe Stocks:				Commodities:			
UK (FTSE) 100	7338	6941	-5.4%	USDJPY	134.38	134.98	+0.4%
Germany 40	13782	13128	-4.7%	USD Index	104.07	104.44	+0.4%
Europe 50	3600	3427	-4.8%	Other Markets:			
France 40	6187	5872	-5.1%	GOLD	1871	1841	-1.6%
US Stocks:				Silver	21.90	21.69	-1.0%
USA 500	3907	3685	-5.7%	Copper	4.2815	4.0200	-6.1%
USA 30 Wall Street	31453	29952	-4.8%	US Crude Oil	120.43	108.50	-9.9%
US Tech 100	11886	11312	-4.8%	Other Markets:			
USA (Russell) 2000	1802	1672	-7.2%	Bitcoin	29200	20600	-29.5%
				US 10 Year Yield	3.16%	3.23%	+2.2%

Step 2: What is new, if anything, from the weekend?

<p>Bloomberg:</p> <p>Bitcoin falls below \$20,000 for the first time since 2020</p> <p>Bitcoin has been an interesting sentiment indicator for risky assets and has a strong correlation with the US Tech 100. Is this the final capitulation or the next phase lower for risk?</p> <p>The largest crypto token by market value tumbled more than 9% to \$18,740 by early morning in London Saturday, marking a record breaking 12th straight day in the red.</p> <p>A toxic mix of bad news cycles and higher interest rates has been deleterious to riskier assets like crypto, contributing to a roughly 70% slide from its all time highs at \$69k in November.</p>	<p>Bloomberg:</p> <p>Gas rationing is getting closer for Europe</p> <p>The reliance of Europe on Russian gas supplies is a major weak point for the stability of the region and economic growth. If Putin continues to weaponize energy, how bad is that for the EUR and EU indices?</p> <p>Throughout the entire cold war and in the decades since, Russia was a stable supplier of gas to Europe. That changed last week.</p> <p>Russia slashed gas supplies in apparent retaliation over Europe's support for Kyiv. After its biggest moves yet to use energy as a weapon, gas rationing in the region is now a very real prospect.</p>	<p>Bloomberg:</p> <p>Biden says he and China's Xi to talk 'soon,' weighing tariffs</p> <p>With economic growth a major concern could a deal on removing Trump era tariffs give the markets a boost? (See page 3 for the USA 500 Technical Update)</p> <p>President Biden said he'll be talking to his Chinese counterpart Xi "soon" and is weighing possible action on US tariffs on China that were imposed by the Trump administration.</p> <p>"We're in the process of doing that," Biden told reporters on Saturday when asked whether he had decided to lift any of the tariffs. "I'm in the process of making up my mind."</p>
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Step 3: Looking forward to the week ahead

Important events are coloured in bold red, all times are British Summer Time (BST)

Please use the key opposite to adjust to your appropriate time zone

Individual Share Update (Some of the key earnings next week in the chart below):

Time Zone Key:	
BST -5	= NY Time
BST	= London Time
BST +1	= Frankfurt Time
BST +8	= Tokyo
BST +9	= Sydney
BST	= British Summer Time

Current expectations are for earnings of USA 500 companies to rise around 10% in 2022, but these are likely to be downgraded as the full impact of surging inflation and tightening financial conditions is felt. Current volatile trading conditions are expected to continue for a while longer, until more data is available to confirm 'peak inflation' has been reached and the economic data points confirm either a softer landing or recession for the US economy.

(See page 3 for the USA 500 Technical Update).

Next weeks earnings focus is quiet with the bulk of reporting over until the new Q2 2022 earnings season starts on July 15th. There are however a few big names in focus, although it's likely only exceptional results will see any sort of rally in their stock price. **Lennar**, one of the US's largest house builders, reports against a negative macro backdrop for the housing market. **FedEx**, only just announced a boardroom reshuffle and raised its dividend, however traders will want to see what the incoming CEO's vision is going forward. **CarMax**, has seen aggressive selling of its stock ahead of this earnings release as the dynamics for the used car market evolve with the new economic reality. **Can it beat low expectations? What is it's forward guidance for a likely very tough end to 2022?**

Monday 20 th June	Tuesday 21 st June	Wednesday 22 nd June	Thursday 23 rd June	Friday 24 th June
Before Market Opens:	0700 DS Smith Before Market Opens: Lennar	Berkeley Group Before Market Opens:	Carnival Blackberry 1200 Factset Research Before Market Opens: Accenture Darden Restaurants	Before Market Opens: CarMax
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes: 2115 FedEx	After Market Closes:



Central Bank Meetings and Key Central Bank Speakers:

After last week's big central bank decisions, this week is dominated by speakers. It gives central bankers a chance to correct any market misinterpretations from last weeks decisions so there is potential for market moving headlines.

Monday: China PBOC Interest Rate Decision. It will be interesting to see if the PBOC want to add further stimulus to their economy as lockdowns persist. Global markets may respond positively if they do cut rates, and it is likely Asian markets would be the bigger beneficiaries of any improvement in risk sentiment.

RBA Governor Lowe Speech (Also Tuesday and Friday). An important speech with the RBA expected to remain hawkish in their interest rate outlook for the rest of 2022. However, energy issues are becoming an issue as power blackouts spread. Also, just how hot is the economy?

ECB President Lagarde: Markets have been disappointed so far by her lack of clarity on how the ECB will deliver a tool to prevent fragmentation of the EU. Will she be able to provide more detail? **Will the EUR manage to sustain its bid tone above key 1.0340 support?** (See page 4 for the EURUSD Technical Update).

Monday 20 th June	Tuesday 21 st June	Wednesday 22 nd June	Thursday 23 rd June	Friday 24 th June
<p>*0230 BST China* PBOC Interest Rate Decision</p> <p>0010 BST AUD RBA Governor Lowe Speech</p> <p>0900 BST GBP BoE Haskell Speech</p> <p>1400 BST GBP BoE Mann Speech</p> <p>*1400 BST EUR* ECB President Lagarde Speech to EU Parliament</p> <p>1930 BST EUR ECB Chief Economist Lane Speech</p>	<p>0100 BST AUD RBA Governor Lowe Speech</p> <p>*0230 BST AUD* RBA Meeting Minutes</p> <p>0815 BST GBP BoE Chief Economist Pill Speech</p> <p>1315 BST GBP BoE Tenreiro Speech</p>	<p>0050 BST JPY BoJ Meeting Minutes</p> <p>0940 BST GBP BoE Cunliffe Speech</p> <p>*1430 BST USD* Fed Chairman Powell Testifies to Senate</p> <p>1540 BST CAD BoC Rogers Speech</p>	<p>*1500 BST USD* Fed Chairman Powell Testifies to House of Representatives</p>	<p>1230 BST AUD RBA Governor Lowe Speech</p> <p>1330 BST GBP BoE Chief Economist Pill Speech</p> <p>1445 BST GBP BoE Haskell Speech</p>

Tuesday: RBA Meeting Minutes. Meeting minutes after an interest rate hike are always interesting reading and should come across quite hawkish. This may support AUD in the overnight session.



Wednesday: BoJ Meeting Minutes. BoJ Governor Kuroda gave an in-depth press conference which showed him committed to YCC policy and returning inflation to target (2%), but it will be interesting to see the discussions and if there were dissenters. Kuroda is clearly very much in charge but some may be concerned about the impact of a weak JPY on imported inflation.

Fed Chairman Powell Testimony: Powell will be grilled on why the Fed allowed inflation to get out of hand and what he intends to do about it, but he has been clear that the fight is on almost at all costs. However, stalling economic growth is a political issue if it means a recession, and he will be asked if he can tolerate that. **This testimony demands attention!** (See below for the US Tech 100 Technical Update).



Key Economic Data Next Week:

A few key data points to focus on for traders this week.

Monday: German Inflation data (PPI). It will come as no surprise that input prices for the EU's industrial powerhouse are soaring and this is causing major problems for the big exporters. Factor in surging energy prices as Putin cuts supplies to the EU and there is serious pain ahead. **This print could mean more bad news for the Germany 40 as it approaches the Ukraine war March lows at 12424.** (See page 5 for the Germany 40 Technical Update).



Wednesday: GBP Inflation Data (PPI/CPI). Inflation in the UK is a hot topic, with the BoE themselves forecasting inflation at 11% and yet only hiked interest rates 25bps last Thursday. Markets are already pricing in 55bps for the August meeting and expect more to follow. **Inflation data is key to this view and this release should create further volatility for GBP.** (See page 6 for the GBPUSD Technical Update).

Monday 20 th June	Tuesday 21 st June	Wednesday 22 nd June	Thursday 23 rd June	Friday 24 th June
<p>0700 BST EUR (Ger) Inflation Data (PPI)</p>	<p>0700 BST CHF Imports, Exports and Trade Balance</p> <p>1330 BST CAD Retail Sales</p> <p>1500 BST USD Existing Home Sales</p> <p>2345 BST NZD Imports, Exports and Trade Balance</p>	<p>*0700 BST GBP* Inflation Data (PPI/CPI)</p> <p>*1330 BST CAD* Inflation Data (CPI)</p> <p>1500 BST EUR Consumer Confidence</p>	<p>0000 BST AUD Manufacturing and Services PMI (Prel)</p> <p>0130 BST JPY Manufacturing and Services PMI (Prel)</p> <p>0815-0930 BST Fra, Ger, EU, GBP Manufacturing and Services PMI (Prel)</p> <p>1330 BST USD Initial Jobless Claims</p> <p>1445 BST AUD Manufacturing and Services PMI (Prel)</p>	<p>0001 BST GBP Gfk Consumer Confidence</p> <p>*0030 BST JPY* Inflation Data (CPI)</p> <p>0700 BST GBP Retail Sales</p> <p>0900 BST EUR (Ger) IFO Business Survey</p> <p>1500 BST USD New Home Sales</p> <p>1500 BST USD Michigan Consumer Sentiment</p>

CAD Inflation Data (CPI). There is some expectation that the BoC may match the Fed and hike interest rates 75bps at their next meeting and so markets are sensitive to any inflation data from Canada. The higher or 'more sticky' around current levels it is the more likely the BoC are to act. **Watch this release it will impact CAD.**

Thursday: Global Preliminary PMI Data. PMI preliminary data is a great insight into the health of the major economies and this data should be taken seriously by traders. Expectations are for the prints to slip lower from previous months readings but to stay in expansion territory (Above 50). Any fall into contraction (Below 50) will stoke recession and stagflation concerns. **This data will impact all markets given how sensitive traders are to economic growth.**

Friday: GBP Gfk Consumer Confidence. UK consumer sentiment has plunged to its darkest depths recently, and it is unlikely there is much to have lifted spirits, apart from the Platinum Jubilee celebrations. UK data has been getting worryingly weak recently as the BoE hikes interest rates.



Friday: JPY Inflation Data (CPI). Having ignored Japanese inflation data for so long, it may be time to start taking note as they are likely importing inflation at some pace with the JPY so weak now. If there are signs of inflation moving higher, markets will put huge pressure on the BoJ to hold 10yr yields at 0.25% which is current policy. USDJPY could start reacting to Japanese data for the first time in a very long time. **Can USDJPY maintain Friday's big bounce back to 135?**

GBP Retail Sales. UK data is extremely important with a central bank on course to hike 50bps in the summer. With consumer sentiment so low and essential costs so high, retail sales may be disappointing yet again accelerating recession fears.

USD Michigan Consumer Sentiment. This release has moved markets in the past, and it fell to a record low recently and this second look may add further to concerns about the consumer. With the consumer being 70% of the US economy, their confidence is integral to spending and future growth.

Commodity Focus: Chart of the week, Oil

Oil fell for the first time in 8 weeks as Fed Chairman Powell openly endorsed, for the first time, raising interest rates well into restrictive territory, a strategy that has often resulted in an economic downturn and could see a revision to demand estimates. That said buyers are expected on dips towards \$100 as the supply side of things still remains tight. Remember China is still to fully unlock from Covid and more demand may be on the way. **(See below for the Oil Technical Update).**





Below are key levels in Stocks and G10 FX the Corellian mentors are focused on.

Support	Resistance	Support	Resistance
USA 500: 1 st – 3639, Last weeks low trade 2 nd – 3595, December 2020 extreme 3 rd – 3501, Mid-point Mar'20/Jan'22	1 st – 3841, Wednesday's session high 2 nd – 3920, Half latest sell-off 3 rd – 3988, Bollinger mid-average	EURUSD: 1 st – 1.0349, May 13 th low trade 2 nd – 1.0340, Jan 2017 Low 3 rd – 1.0000, Psychological parity level	1 st – 1.0629, Bollinger mid rate 2 nd – 1.0786, May 30 th session high trade 3 rd – 1.0935, April 21 st session high
US Tech 100: 1 st – 11608, Last weeks low trade 2 nd – 11490, May 20 th low trade 3 rd – 10944, Oct'20 monthly low	1 st – 11792, Wednesday's session high 2 nd – 12156, Bollinger mid-average 3 rd – 12781, 8 th June failure High	GBPUSD: 1 st – 1.2175, Half latest recovery 2 nd – 1.1933, June monthly low trade 3 rd – 1.1408, March 2020 spike low	1 st – 1.2400, Thursday's session high 2 nd – 1.2439, Bollinger Mid rate 3 rd – 1.2666, 27 th May Failure High
USA 30 Wallstreet: 1 st – 29640, Last weeks low trade 2 nd – 29316, December 2020 low trade 3 rd – 27512, Mid-point Mar'20/Jan'22	1 st – 30994, Thursday's session high 2 nd – 32048, Bollinger mid-average 3 rd – 33312, June 3 rd bounce failure	USDJPY: 1 st – 131.58, Bollinger mid-average 2 nd – 131.12, Mid-point latest upside 3 rd – 130.06, Deeper 62% retracement	1 st – 135.59, Last weeks high trade 2 nd – 137.29, Bollinger upper level 3 rd – 137.73, 138% Fibro extension level
Germany 40: 1 st – 12917, Last weeks correction low 2 nd – 12424, March 7 th extreme 3 rd – 12177, Mid-point Mar'20/Jan'22	1 st – 13644, Thursday's session high 2 nd – 14061, Bollinger mid-average 3 rd – 14707, June 6 th session high	AUDUSD: 1 st – 0.6850, Last weeks low trade 2 nd – 0.6828, May 12 th session low 3 rd – 0.6776, June 2020 monthly extreme	1 st – 0.7069, Last weeks high trade 2 nd – 0.7110, Bollinger mid-average 3 rd – 0.7196, 62% retrace June high/low
UK 100: 1 st – 6934, Last weeks low trade 2 nd – 6723, March 7 th extreme 3 rd – 6566, March 2021 hold level	1 st – 7212, 38% retrace June downside 2 nd – 7294, Mid-point same move 3 rd – 7377, Higher 62% retracement	USDCAD: 1 st – 1.2971, Half last weeks range 2 nd – 1.2859, Last weeks low trade 3 rd – 1.2727, Bollinger mid-average	1 st – 1.3075, 11 th May session high 2 nd – 1.3217, Mid-point 2020/2022 range 3 rd – 1.3388, October 2020 failure point

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