

Preparing for the week ahead : Corellian 3 Step Process

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

Risk sentiment was hard to gauge into the close after markets settled down post the release of the US Non farm payrolls data.

US Employment Data: Headline +372 (+268 exp), Unemployment rate 3.6% (As exp), Average hourly earnings 5.1% (5.3% exp). **Nothing in this data is likely to shift the Fed from their battle to fight inflation with higher interest rates.**

US 10 Year Yields had a another rollercoaster week. First pushing lower

as traders rushed to buy bonds as a safe haven on recession concerns, before Friday's employment data alleviated those fears and cleared the path for the Fed to keep hiking, which saw yields spike, to close the week at 3.08%

Stocks struggled to hold gains Friday, but overall it was a positive week. The US Tech 100 was the main beneficiary with a weekly 4.7% gain. It seems traders were keen to square weak short positions into the start of Q2 earnings season on 12th July. (See page 2 for the US Tech 100 Technical Update).

The USD gave back some gains into the Friday close, but the USD Index still finished up 1.7%. EURUSD made fresh 20 year lows at 1.0072, after breaking key technical support at 1.0340 at the start of the week.

The Bloomberg Commodity Index posted another weekly loss in volatile trading. Gold slipped below its January range lows at \$1780, as it traded as low as \$1732 (Down 3.7% on the week), while oil fell below the psychological \$100 before bouncing into Friday's close, to finish at \$104.80.



Financial Market	Closing Level Friday 1 st July	Closing Level Friday 8 th July	Weekly Change %	Financial Market	Closing Level Friday 1 st July	Closing Level Friday 8 th July	Weekly Change %
Asia Stocks:				G10 Currencies:			
China A50	14895	14685	-1.4%	EURUSD	1.0428	1.0178	-2.4%
Japan 225	26315	26802	+1.9%	GBPUSD	1.2096	1.2031	-0.5%
ASX (Australia) 200	6548	6600	+0.8%	EURGBP	0.8620	0.8460	-1.9%
Hong Kong 50	21800	21740	-0.3%	AUDUSD	0.6818	0.6850	+0.5%
Europe Stocks:				USDJPY	135.29	136.06	+0.6%
UK (FTSE) 100	7180	7135	-0.6%	USD Index	104.88	106.70	+1.7%
Germany 40	12905	12955	+0.4%	Commodities:			
Europe 50	3467	3486	+0.5%	GOLD	1808	1742	-3.7%
France 40	5988	6011	+0.4%	Silver	19.85	19.31	-2.7%
US Stocks:				Copper	3.6105	3.5182	-2.6%
USA 500	3827	3906	+2.1%	US Crude Oil	108.40	104.80	-3.3%
USA 30 Wall Street	31055	31352	+1.0%	Other Markets:			
US Tech 100	11614	12161	+4.7%	Bitcoin	19450	21830	+12.2%
USA (Russell) 2000	1729	1770	+2.4%	US 10 Year Yield	2.88%	3.08%	+6.9%

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

Reuters:

China's June factory inflation cools counter to global trends

Is slowing Chinese factory gate inflation a piece of good news for inflation in the UK, EU and US that import their goods?

China's factory gate inflation cooled in June to the lowest in 15 months as the country continues to buck the global trend of accelerating prices.

The June PPI rose 6.1% yoy, after a 6.4% rise in May (6.0% exp.) The slower rise was driven by the resumption of additional industrial production, stable supply chains in key sectors and government policies to stabilise commodity prices.

Bloomberg:

Blinken blasts China's support for Russia, calls out Xi Jinping

The last thing that a fragile global economy needs is for the world's two biggest economies to be at loggerheads.

US Secretary of State Antony Blinken blasted Beijing over its support of Russia after emerging from more than five hours of talks with his Chinese counterpart Wang Yi.

During a meeting on the side-lines of a G20 foreign ministers meeting in Bali, Blinken said Saturday he told Wang that China wasn't neutral on the Ukraine war because there's no such thing as being neutral when there is a clear aggressor.

Bloomberg:

Amazon prime growth stalls in US after price increase

Technology stocks led the rally higher last week, but behind the scenes stalling growth and subscriber numbers is still a major problem for mega tech.

Amazon's number of prime members in the US stagnated in the first half of the year, suggesting a \$20 annual price increase that took effect in February may be turning off potential customers struggling with high gas prices and inflation. The online retailer had about 172 million members as of June 30 who pay yearly or monthly dues in exchange for shipping discounts, video streaming and other perks, the same as six months earlier.



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

US Q2 2022 earnings season starts on Tuesday with PepsiCo reporting. This reporting season begins on the back of a week which saw stock traders shake off rising bond yields and post a rare up week, which at one stage had the USA 500 stringing together the longest streak of gains since March. The key question: How bad will corporate profits actually be?

Next weeks earnings focus is all about the major US banks. Financials are expected to rack up a 20% drop in earnings as worsening outlooks for loan losses due to rising interest rates, increase the risk of borrower defaults. Fee income is slowing, and losses from acquisition debt the banks promised to raise, to facilitate mergers and leveraged buyouts that are now unlikely to happen, needs to be accounted for.

JP Morgan and Morgan Stanley are up on Thursday, followed by Wells Fargo, BNY Mellon, State Street and Citigroup on Friday. Traders will want to know the forward guidance for profit margins for the rest of the year and into 2023, what are the levels of bad loans they feel bound to enter provisions for, and probably the key question will be, what is the likelihood of a major recession in the US. **Next week should be another volatile series of sessions for global stock indices.** (See page 3 for the USA 500 Technical Update).

Monday 11 th July	Tuesday 12 th July	Wednesday 13 th July	Thursday 14 th July	Friday 15 th July
0700 Investment Kinnevik	0630 Tryg 1100 PepsiCo	The Progressive 0600 Gerresheimer 1200 Fastenal	TSMC 1200 JP Morgan 1230 ConAgra Foods 1230 Morgan Stanley	Wells Fargo 1130 PNC Financial 1130 BNY Mellon 1230 State Street 1300 Citigroup
Before Market Opens:	Before Market Opens:	Before Market Opens: Delta Airlines	Before Market Opens: Cintas First Republic Bank	Before Market Opens: Blackrock United Health US Bancorp
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:



Central Bank Meetings and Key Central Bank Speakers:

Another important week ahead, with an increased likelihood of volatility from central bank decisions and headline risks.

Monday 11 th July	Tuesday 12 th July	Wednesday 13 th July	Thursday 14 th July	Friday 15 th July
<p>0200 BST JPY BoJ Governor Kuroda Speech</p> <p>1900 BST USD Fed Williams Speech</p>	<p>*1800 BST GBP* BoE Governor Bailey Speech</p>	<p>*0300 BST NZD* RBNZ Interest Rate Decision and Rate Statement</p> <p>0915 BST EUR ECB McCaul Speech</p> <p>*1500 BST CAD* BoC Interest Rate Decision and Rate Statement</p> <p>*1600 BST CAD* BoC Press Conference</p>	<p>1600 BST USD Fed Waller Speech</p>	

Monday: BoJ Governor Kuroda. With USDJPY closing last week above 136, traders will be alert for any further insight on ‘**what next**’ from the BoJ, and so what Governor Kuroda said will garner maximum attention. Expectations are rising that the BoJ will consider revising its growth and inflation targets later in July as weaker JPY and imported inflation force more companies to pass on higher costs to consumers. **Will he give an update?**

Tuesday: BoE Governor Bailey. With the recent political disruptions, high inflation and a consumer losing all confidence as they face more price increases into the winter, traders will be very interested to hear just how hawkish Bailey still is. Recent commentary from BoE Chief Economist Pill has emphasised the BoE’s ability to be more aggressive on rates, **will Bailey back this view up?** GBPUSD has been struggling to hold above 1.20 so this speech could increase volatility further.

Wednesday: RBNZ Interest Rate Decision. While the RBNZ has delivered two consecutive 50bps hikes this year, taking the OCR to 2% in May, NZDUSD has dropped 7.9% over the past three months!! More imported inflation is streaming in. However, this is considered an “interim” meeting since it won’t include a Monetary Policy Statement (MPS). Generally, the Reserve Bank prefers to make policy changes accompanied by a policy statement, followed by a press conference, but neither will happen for this meeting. **(See the next page for the NZDUSD Technical Update).**



Wednesday continued....BoC Interest Rate Meeting and Press Conference. This is an interesting one. Canada's jobless rate has hit a record low and the labour market is tight and wages are rising. The average hourly wage rate shot up 5.2% from a year ago, an acceleration from 3.9% in May, the fastest increase since 1997. The imbalance between the demand and supply of jobs is a primary reason why the Bank of Canada is tightening monetary policy so aggressively. Markets are pricing in a 75bps hike this week and that could move the CAD. **(See below for the USDCAD Technical Update).**



Key Economic Data Next Week:

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

Tuesday: GBP BRC Retail Sales. Retail sales are an important part of the weakness seen in the UK economy and so this data is something that investors will be sensitive to, especially UK bond investors.

JPY PPI. Japan is a major exporter and therefore finished goods or factory gate prices do matter and that is what PPI is and feeds into the inflation story. PPI gets exported around the globe to importers like the UK, EU and US.

EUR/ Ger ZEW Survey. Forward looking data which will provide an insight into the health of the EUR and more specifically, German economy. Could have an impact on the Germany 40 at the start of the week.



Monday 11 th July	Tuesday 12 th July	Wednesday 13 th July	Thursday 14 th July	Friday 15 th July
<p>Sunday 2345 BST NZD Retail Sales</p> <p>0050 BST JPY Machinery Orders</p>	<p>0000 BST GBP BRC Retail Sales</p> <p>0050 BST JPY Inflation Data (PPI)</p> <p>1000 BST EUR and Ger ZEW Survey</p>	<p>0130 BST AUD Consumer Confidence</p> <p>0300 BST China Imports, Exports and Trade Balance</p> <p>0700 BST GBP Gross Domestic Product</p> <p>0700 BST GBP Industrial Production</p> <p>0700 BST EUR (Ger) Inflation Data (CPI)</p> <p>1000 BST EUR Industrial Production</p> <p>*1330 BST USD* Inflation Data (CPI)</p>	<p>0230 BST AUD Employment Change and Unemployment Rate</p> <p>0530 BST JPY Industrial Production</p> <p>0730 BST CHF Inflation Data (PPI)</p> <p>1330 BST USD Inflation Data (PPI)</p> <p>1330 BST USD Initial Jobless Claims</p> <p>2330 BST NZD Business PMI</p>	<p>0230 BST China House Price Index</p> <p>0300 BST China Industrial Production, Gross Domestic Product and Retail Sales</p> <p>*1330 BST USD* Retail Sales</p> <p>1415 BST USD Industrial Production</p> <p>*1500 BST USD* Michigan Consumer Sentiment</p>

Wednesday: AUD Consumer Confidence. Inflation fears are rising in Australia and there is a growing sense that the RBA is not done yet with hikes. However, the consumer plays a large role in all this and so this data could impact AUD next week.

China Trade Data. The market is eagerly awaiting signs of a recovery in China but after lockdowns, it is tough to assess economic data right now. That said, improving data is starting to draw buyers back in to Asian equity markets recently.

GBP Gross Domestic Product (GDP). The UK economy looks weak and traders are looking for further reasons to sell GBP. This print maybe seized upon to back up this view or cause a nasty correction higher.

USD Inflation Data (CPI). BIG data for the US, the Fed and all asset markets. This data may highlight that the Fed's focus should not be shifted away from the ongoing inflation fight. No data so far suggests that inflation has peaked, and so the Fed will keep hiking creating implications for all markets. This data may bring the focus back to inflation from recession fears. Having both is not good. **This data could see further volatility across G10 FX markets.**

(See below for the EURUSD Technical Update).



Thursday: AUD Employment Data. Employment data is always important to the RBA and therefore for investors as well. It will be interesting to see how tight the labour market is, as a tight market will see wages rising. That may prompt further aggressive hikes from the RBA in coming months.



Friday: China Industrial Production, GDP and Retail Sales. The market is desperate to see good news emerging from China as it could start to support global demand and economic growth. This will impact sentiment across all markets early Friday.

USD Retail Sales. The US consumer is about 70% of the economy so their spending habits matter. Will this reflect the weakness seen in consumer confidence data. Remember, weak retail sales will still probably not shift the goals of the Fed as tightening financial conditions is supposed to hit the consumer. The Fed may keep hiking regardless of any weakness in these data. **It could stock recession fears further though.**

USD Michigan Consumer Sentiment. . The US needs a strong, confident and spending consumer. That is not the case at present and while expectations are for a low number, it could impact risk sentiment.

Commodity Focus: Oil and Gold

Oil headed for a weekly loss after a week of volatile trading that saw recession fears run headlong into a fundamentally tight supply. Investors remain concerned that restrictive US monetary policy could herald a recession which could impact oil demand expectations moving forward. **(See below for the Oil Technical Update).**



The stronger USD is hurting precious metals and Gold in particular had a bad week as speculators dumped weak longs on the break below range lows at \$1780. For now it seems that Gold isn't the inflation hedge it once was and any further gains in the USD next week could see fresh selling. **(See below for the Gold 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 – 3803, Bollinger mid-average 2 nd – 3741, June 30 th session low 3 rd – 3639, June monthly extreme	1 st – 3950, June 28 th failure high 2 nd – 4020, 38% Mar/Jun sell-off 3 rd – 4137, Mid-point same decline	EURUSD: 1 st – 1.0072, Friday's correction low 2 nd – 1.0000, Level of parity 3 rd – 0.9882, November 2002 extreme	1 st – 1.0283, 38% retrace latest downside 2 nd – 1.0346, Mid-point same move 3 rd – 1.0410, Higher 62% retracement
US Tech 100: 1 st – 11666, Bollinger mid-average 2 nd – 11350, June 30 th low trade 3 rd – 11068, June monthly extreme	1 st – 12261, Jun 27 th session high 2 nd – 12687, 38% retrace Mar/Jun sell-off 3 rd – 12944, June failure high trade	GBPUSD: 1 st – 1.1876, Last weeks correction low 2 nd – 1.1408, March 2020 spike low 3 rd – 1.0366, February 1985 extreme	1 st – 1.2168, Bollinger mid-average 2 nd – 1.2332, June 27 th session high 3 rd – 1.2406, June 16 th bounce failure
USA 30 Wallstreet: 1 st – 30771, Bollinger mid-average 2 nd – 30330, Last weeks correction low 3 rd – 30005, June 21 st low trade	1 st – 31865, 38% retrace Apr/Jun sell-off 2 nd – 32539, Mid-point same move 3 rd – 33234, Higher 62% retracement	USDJPY: 1 st – 135.44, Bollinger mid-average 2 nd – 132.97, 38% retrace May/Jun upside 3 rd – 131.73, Mid-point same move	1 st – 137.00, June 29 th high trade 2 nd – 137.28, Bollinger upper band 3 rd – 137.73, 138% Fibon extension level
Germany 40: 1 st – 12336, Last weeks correction low 2 nd – 12177, Mid-point Mar'20/Jan'22 3 rd – 11495, November 2020 extreme	1 st – 13040, Bollinger mid-average 2 nd – 13264, 38% retrace June/July sell-off 3 rd – 13363, June 28 th session failure high	AUDUSD: 1 st – 0.6761, Last weeks low trade 2 nd – 0.6659, June 2020 monthly extreme 3 rd – 0.6469, 62% retrace Mar'20/Feb'21	1 st – 0.6895, Bollinger mid-average 2 nd – 0.7069, June 15 th bounce failure 3 rd – 0.7024, Bollinger upper extreme
UK 100: 1 st – 6953, Last weeks low trade 2 nd – 6908, June monthly extreme 3 rd – 6723, March 8 th rally point	1 st – 7123, Bollinger mid-average 2 nd – 7224, Last weeks failure high trade 3 rd – 7308, June 29 th bounce failure level	USDCAD: 1 st – 1.2936, Bollinger mid-average 2 nd – 1.2869, 38% retrace Jun/Jul strength 3 rd – 1.2802, Mid-point same move	1 st – 1.3083, Last weeks recovery high 2 nd – 1.3171, Mid-November 2020 extreme 3 rd – 1.3337, Mid-point 2020/2022 range

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