

**Preparing for the week ahead : Corellian 3 Step Process**

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

Markets came into Friday's open in a relatively buoyant mood, perhaps employing a "glass half full" mantra with Nord Stream opening all be it at a reduced level, and a potential agreement with Russia on grain exports (without any confidence Putin will stick to it). Any optimism was wiped out in the afternoon session with equities down, **BUT** the big story was the drop in US and other global yields.

Friday data: PMI data was weak in Australia, Japan and especially France and Germany, where both saw manufacturing drop into contraction, not good news. US PMI services fell sharply which was a shock and also falling into contraction. CAD Retail sales coming in at 2.2% mom after 1.6% expected suggests the Canadian consumer is in better shape than most and justifying the BoC 100 bps hike.

**Global bond yields** fell across the 10yr space, UK gilts fell 11bps, Bund yields down 19bps and US down 12bps. All pointing towards risk aversion.

**Traders finally realise the risk "off" trade.** After a healthy mid week rally in equities, traders took their time to digest the disappointing earnings from SNAP and Twitter (after hours Thursday), and the hugely disappointing US PMI. Selling in the final hours saw the US Tech 100 off 1.9% and US 500 down 1%. (See page 3 for the US Tech 100 & USA 500 Technical Update).

**The USD** fell against most on Friday as US yields declined but it is worth noting that most global yields fell too. There was some short covering towards the close and next week is month end, so there could be some big swings.

**Commodities** Oil is volatile and hard to call with tightness still seen in oil markets and capacity issues at refineries keeping fuel costs high. West Texas Intermediate traded near \$96 a barrel in a choppy session on Friday. One major development was Russia and Ukraine reached a deal aimed at releasing millions of tons of grain from Ukraine's Black Sea ports that, if realised, would help ease strained global grain supplies and take some pressure off food prices that surged to records levels in recent months, Wheat futures fell 6.41% on the day (see page 5 for Wheat Technical update).



Financial Market	Closing Level Friday 15 <sup>th</sup> July	Closing Level Friday 22 <sup>nd</sup> July	Weekly Change %
<b>Asia Stocks:</b>			
China A50	14015	13958	-0.4%
Japan 225	26976	27695	+2.7%
ASX (Australia) 200	6558	6686	+2.0%
Hong Kong 50	20329	20429	+0.5%
<b>Europe Stocks:</b>			
UK (FTSE) 100	7125	7201	+1.1%
Germany 40	12850	13171	+2.5%
Europe 50	3473	3575	+2.9%
France 40	6041	6179	+2.3%
<b>US Stocks:</b>			
USA 500	3867	3964	+2.5%
USA 30 Wall Street	31256	31860	+1.9%
US Tech 100	12019	12427	+3.4%
USA (Russell) 2000	1746	1809	+3.6%
Financial Market	Closing Level Friday 15 <sup>th</sup> July	Closing Level Friday 22 <sup>nd</sup> July	Weekly Change %
<b>G10 Currencies:</b>			
EURUSD	1.0083	1.0212	+1.3%
GBPUSD	1.1867	1.1998	+1.1%
EURGBP	0.8496	0.8512	+0.2%
AUDUSD	0.6795	0.6920	+1.8%
USDJPY	138.54	135.99	-1.8%
USD Index	107.81	106.42	-1.3%
<b>Commodities:</b>			
GOLD	1709	1728	+1.1%
Silver	18.81	18.60	-1.1%
Copper	3.2462	3.3235	+2.4%
US Crude Oil	94.45	95.11	+0.7%
<b>Other Markets:</b>			
Bitcoin	21137	23100	+9.3%
US 10 Year Yield	2.93%	2.76%	-5.8%

**Bloomberg:**

**Russia Strikes Odesa's Port**

Condemnation was swift from leaders around the world after Russia fired a cruise missile into the Ukrainian port of Odesa. How will commodities react on Monday's open?

Just one day after Russia and Ukraine signed an agreement to allow the safe transit of millions of tonnes of grain through the key Black Sea port, it looks to be in tatters.

Ukraine's leader President Zelensky was quoted, "This proves one thing: no matter what Russia says and promises, it will find ways not to implement them".

**Bloomberg:**

**Bonds have recession priced in.**

JPMorgan veteran bond trader Bob Michele predicted there's a 75% chance of US recession.

"Clients are returning to the bond market, especially corporate bonds, because they've renewed confidence in the central banks."

With Fed Funds priced in to finish the year at 3.5%, higher financing costs are already starting to hurt corporates suffering from disappointing earning reports, compounded with weak economic data is "only adding to recession fears".

**Bloomberg:**

**Fed Chair Powell to face backlash?**

Chair Jerome Powell has mostly escaped political criticism for inflation, but that may be changing.

Scorching price pressures are expected to push the Fed to raise interest rates 75 basis points on Wednesday for the second straight month, and after admitting they got inflation wrong last year and were slow to react, subsequent political fall out may be hard to avoid.

"What's worse than high inflation and low unemployment?" asked Senator Warren last month. "It's high inflation and a recession with millions of people out of work." "I hope you'll reconsider that," she added, "before you drive this economy off a cliff."



### 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

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

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

The USA 500 closed the week below the psychological 4000 level. Growing concerns on ad spending triggered a round of selloff's, most notably Alphabet Inc and Meta who both report next week.

(see page 3 for technical updates for US Tech 100 and USA 500).

The Germany 40 gained some support from the reopening of the Nord Stream pipeline. However analysts are reducing expectations for European stocks over fears of recession looming. After last weeks aggressive 50bps rate hike by the ECB to fight inflation, the danger is that any further aggressive hikes could impact the EU's already fragile economy. Earning reports from European exporters next week are expected to show just how much pain has been inflicted by energy shortages and high inflation.

Next weeks earnings focus is extremely busy.

Monday 25 <sup>th</sup> July	Tuesday 26 <sup>th</sup> July	Wednesday 27 <sup>th</sup> July	Thursday 28 <sup>th</sup> July	Friday 29 <sup>th</sup> July
<p>Coca-Cola General Motors McDonalds UBS Group <b>Airbus</b></p> <p><u>Before Market Opens:</u></p> <p><u>After Market Closes:</u> <b>Alphabet(Google)</b> NXP-Semi conductors</p>	<p>Coca-Cola General Motors McDonalds UBS Group <b>Airbus</b></p> <p><u>Before Market Opens:</u></p> <p><u>After Market Closes:</u> <b>VISA</b> Xerox</p>	<p>Boeing Deutsche Bank Ford Hess Spotify</p> <p><u>Before Market Opens:</u></p> <p><u>After Market Closes:</u> <b>META</b> Qualcom</p>	<p>Hertz <b>Mastercard</b> Pfizer Shell Plc Mercedes</p> <p><u>Before Market Opens:</u></p> <p><u>After Market Closes:</u> <b>Amazon</b> <b>Apple</b> <b>Intel</b> Roku Inc</p>	<p>AON <b>Exxon</b> Proctor &amp; Gamble</p> <p><u>Before Market Opens:</u> Astrazeneca SONY</p> <p><u>After Market Closes:</u></p>



**Central Bank Meetings and Key Central Bank Speakers:**

Another important week ahead, with an increased likelihood of volatility from the US Federal Reserve decision on Wednesday, and headline risks.

Monday 25 <sup>th</sup> July	Tuesday 26 <sup>th</sup> July	Wednesday 27 <sup>th</sup> July	Thursday 28 <sup>th</sup> July	Friday 29 <sup>th</sup> July
	<b>*0050 BST JPY*</b> <b>BoJ</b> <b>Monetary Policy</b> <b>Meeting Minutes</b>	<b>*1900 BST US*</b> <b>Fed Interest Rate</b> <b>Decision</b>  <b>*1930 BST US*</b> <b>FOMC Press Conference</b>		





**Tuesday: BOJ Meeting minutes.** Although generally a non event, any mention of JPY current weakness could have an impact on the currency.



**Wednesday: Fed Interest Rate decision.** The Fed is expected to raise rates by 75bps and the market has this priced in. The Fed's upper range policy target is 3.5 % by year end 2022 (highest level since 2008). Traders are leaning towards a 50 bps hike in September rather than a 75 bps move, following the weak US PMI data release last Friday



### Key Economic Data Next Week:

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

**Monday: EUR**, German IFO a survey of German business expectations and confidence, is always important data, and following Friday's PMI number this could also be weak data.

Monday 25 <sup>th</sup> July	Tuesday 26 <sup>th</sup> July	Wednesday 27 <sup>th</sup> July	Thursday 28 <sup>th</sup> July	Friday 29 <sup>th</sup> July
0900 BST EUR German IFO	1500 BST USD Consumer Confidence  1500 BST USD New Home Sales	*0230 BST AUD* CPI  0900 BST CHF Zew Survey  1330 BST USD Durable Goods	0230 BST AUD Retail Sales  1000 BST EUR Consumer Confidence  1300 BST EUR German HICP- Preliminary  1330 BST USD GDP-Preliminary  2300 BST NZD Consumer Confidence	0030 BST JPY CPI  1000 BST EUR GDP-Preliminary  1330 BST USD Personal Income  1500 BST USD Michigan Consumer Confidence

**Tuesday: USD New Home Sales**, markets will be watching this closely, as there are some signs of cracks in the data and may see demand stall, which would be negative for risk.

**Wednesday: AUD CPI. ISM Services.** Vital data for the RBA may well impact the AUD and RBA thinking on further rate hikes.



**USD Durable Goods.** Often very volatile, but does give good insight to consumer spending, which may have shifted more to services.

**Thursday: AUD Retail Sales.** Likely CPI will be closely monitored by the RBA, and could impact the AUD if liquidity is low. **EUR-German HICP.** A form of CPI inflation therefore highly sensitive for markets and the ECB. **USD GDP.** Although somewhat backward looking, markets often react.

**Friday: EUR GDP preliminary.** Markets are often sensitive to this data and the ECB will be keeping a close eye.

**Friday: USD Personal Income and PCE** . Vital data for the Fed, and preferred gauge for inflation. Could move bonds and other markets if off consensus. **USD Michigan Consumer Confidence**. Packed full of useful data, inflation expectations and consumer sentiment are all in there, and just as important as the headline. Pay close attention!

### Commodity Focus: Oil and Wheat

Oil is volatile and hard to call with tightness still seen in oil markets and capacity issues at refineries keeping fuel costs high. Oil fluctuated, struggling to find direction as markets weighed supply disruptions from a major pipeline to slowed economic growth in Europe. Crude fell on soft Euro-zone economic activity, stoking fears that a recession might be on the horizon (**See below for the Oil Technical Update**).

Wheat had some interesting developments on Friday. Russia and Ukraine reached a deal aimed at releasing millions of tons of grain from Ukraine's Black Sea ports that, if implemented, would mark a major step toward shoring up global food supplies. The deal could help revive agricultural trade from one of the world's biggest wheat, corn and vegetable-oil exporters. If realised, it would help ease strained global grain supplies and take some pressure off food prices that surged to records levels in recent months. (**See below for Wheat Technical Update**).





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

Support	Resistance	Support	Resistance
<b>USA 500:</b> 1 <sup>st</sup> – 3923, Wednesday's session low 2 <sup>nd</sup> – 3865, Bollinger mid-average 3 <sup>rd</sup> – 3821, Mid-point Jun/Jul upside	1 <sup>st</sup> – 4020, 38% Mar/Jun sell-off 2 <sup>nd</sup> – 4136, Mid-point same move 3 <sup>rd</sup> – 4202, May 30 <sup>th</sup> session high	<b>EURUSD:</b> 1 <sup>st</sup> – 1.0123, Half latest recovery move 2 <sup>nd</sup> – 0.9952, July monthly low trade 3 <sup>rd</sup> – 0.9882, November 2002 extreme	1 <sup>st</sup> – 1.0275, 38% retrace May/Jul sell-off 2 <sup>nd</sup> – 1.0370, Mid-point same move 3 <sup>rd</sup> – 1.0469, Higher 62% retracement
<b>US Tech 100:</b> 1 <sup>st</sup> – 12235, Wednesday's session low 2 <sup>nd</sup> – 11950, Bollinger mid-average 3 <sup>rd</sup> – 11670, 62% retrace Jun/Jul upside	1 <sup>st</sup> – 12687, 38% retrace Mar/Jun sell-off 2 <sup>nd</sup> – 12944, June failure high trade 3 <sup>rd</sup> – 13177, Mid-point same decline	<b>GBPUSD:</b> 1 <sup>st</sup> – 1.1889, Thursday's session extreme 2 <sup>nd</sup> – 1.1760, July correction low 3 <sup>rd</sup> – 1.1408, March 2020 spike low	1 <sup>st</sup> – 1.2104, 38% retrace May/Jul sell-off 2 <sup>nd</sup> – 1.2213, Mid-point same move 3 <sup>rd</sup> – 1.2321, Higher 62% retracement
<b>USA 30 Wallstreet:</b> 1st – 31504, Thursday's session low 2nd – 31202, Bollinger mid-average 3rd – 30107, July 14 <sup>th</sup> downside extreme	1 <sup>st</sup> – 32539, Mid-point Apr/Jun sell-off 2 <sup>nd</sup> – 33214, Higher 62% retracement 3 <sup>rd</sup> – 33430, May 30 <sup>th</sup> session high	<b>USDJPY:</b> 1 <sup>st</sup> – 135.33, July 8 <sup>th</sup> session low 2 <sup>nd</sup> – 134.40, 38% retrace May/Jul upside 3 <sup>rd</sup> – 132.90, Mid-point same move	1 <sup>st</sup> – 137.64, Half latest sell-off 2 <sup>nd</sup> – 139.39, July recovery high 3 <sup>rd</sup> – 139.83, September 1998 extreme
<b>Germany 40:</b> 1st – 13085, Thursday's correction low 2nd – 12914, Bollinger mid-average 3rd – 12418, July 15 <sup>th</sup> session low	1st – 13436, Last weeks recovery high 2nd – 13550, Mid-point Jun/Jul decline 3rd – 13822, Higher 62% retracement	<b>AUDUSD:</b> 1 <sup>st</sup> – 0.6859, Thursday's session low trade 2 <sup>nd</sup> – 0.6826, Bollinger mid-average 3 <sup>rd</sup> – 0.6681, July monthly low trade	1 <sup>st</sup> – 0.6985, Mid-point Jun/Jul downside 2 <sup>nd</sup> – 0.7056, Higher 62% retracement 3 <sup>rd</sup> – 0.7069, June 15 <sup>th</sup> bounce failure
<b>UK 100:</b> 1st – 7158, Bollinger mid-average 2nd – 7033, Bollinger lower band 3rd – 6955, July 15 <sup>th</sup> rally point	1st – 7299, Last weeks high trade 2nd – 7364, 62% retrace June sell-off 3rd – 7447, June 11 <sup>th</sup> bounce failure level	<b>USDCAD:</b> 1 <sup>st</sup> – 1.2818, June 28 <sup>th</sup> session extreme 2 <sup>nd</sup> – 1.2787, 62% retrace Jun/Jul upside 3 <sup>rd</sup> – 1.2680, June 10 <sup>th</sup> session extreme	1 <sup>st</sup> – 1.2954, Bollinger mid-average 2 <sup>nd</sup> – 1.2978, 38% retrace July sell-off 3 <sup>rd</sup> – 1.3026, Mid-point same move

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