

Preparing for the week ahead : Corellian 3 Step Process

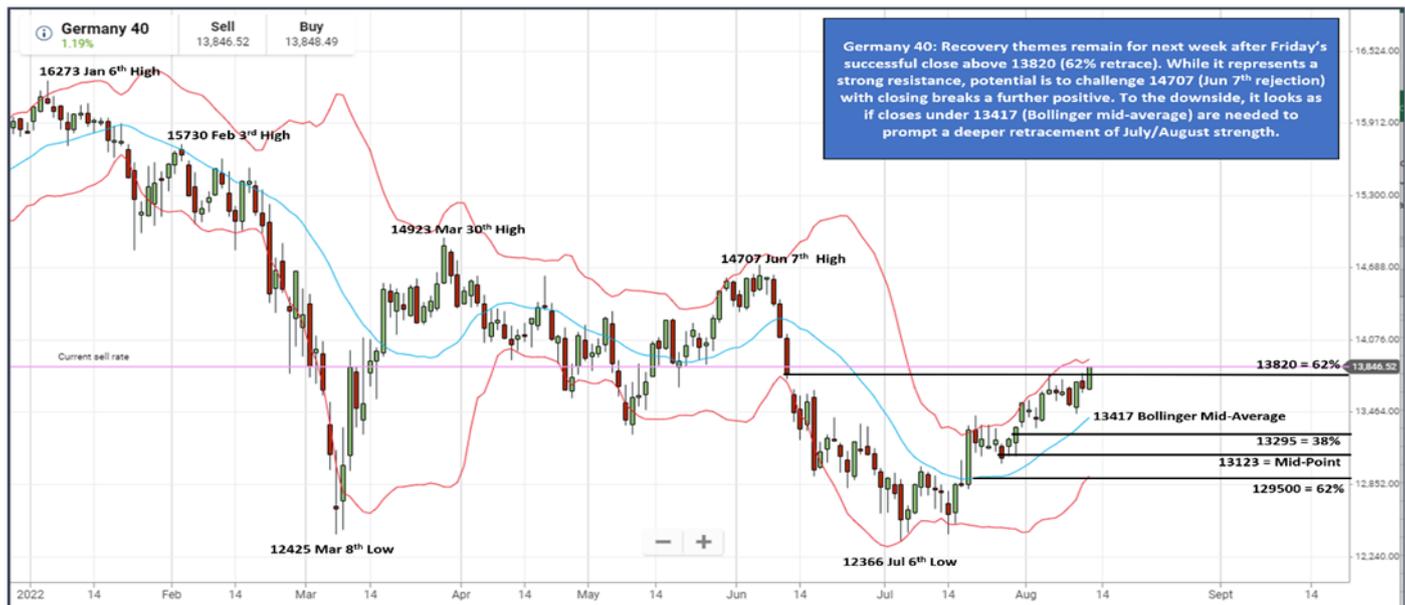
Step 1: Where did markets end last week and why?

Risk sentiment: Risk sentiment as far as equity markets went, was strong into the close Friday with the USA500 closing above its 50% retracement level and the US Tech 100 up more than 20% from its lows, suggesting a bull market may be forming. Since Wednesday's lower than expected inflation release (US CPI +8.5% down from +9.1%), investors seem to have formed the opinion that a base is now in for equities. The USA500 had its fourth straight week of gains (longest winning run since November). **Are fresh buyers back in chasing the move higher or is the squeeze now over?**



Friday, UK Q2 GDP fell 0.1% after a 0.8% gain in Q1. It was expected to be weak and GBPUSD and GBPAUD fell through the session. The UK economy shrank for the first time since the pandemic, driven by a decline in spending by households and on fighting the coronavirus. **With UK employment, Inflation and retail sales coming up, next week is a big week for GBP.** (see page 3 for the GBPUSD technical update).

Stocks ended the week up as first inflation then earnings took centre stage: Last week Wall Street showed its delight at news of 14.4 million new Disney+ subscribers. EU equities are benefitting from the more positive risk sentiment but are lagging their US peers. With power shortages and now droughts to contend with the EU is facing some tough times ahead. **So is this rally in EU stocks a short-term phenomenon?.** (see below for Germany 40 technical update).



US Equities: Another big earnings week, with Home Depot, Target, Lowes, Walmart, and Kohls. (see page 2)

The USD ended slightly lower at Friday's close: Underperforming against the commodity currencies (AUD, NZD, and CAD), but outperforming against GBP and EUR, which had seen nasty squeezes to 1.2276 and 1.0369 respectively, earlier in the week.

Commodities. Oil fell on Friday, but still made a weekly gain as traders weighed the prospects of higher demand this winter against the potential for extra supply from Iran. (see page 4 for the Oil technical update). Elsewhere Gold closed above \$1800. Silver and Copper both gained on receding recession concerns and the potential for a slower pace of Fed hikes.

US Bond yields: Wild swings yet again in US 10yr yields, although they closed the week unchanged at 2.84%. It is not exactly clear what messages to take from such wild and illiquid moves. Overall the shape of the 2s-10s curve remains deeply inverted suggesting a nasty economic slowdown is still coming. **Remember:** The front end (2year) reflects interest rate moves whilst the long end (10 year) reflects potential growth and the signals from the 10yr space are a concern with equities currently at elevated levels.



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

<p>Bloomberg: UK Inflation shock is within whisker of double digits</p> <p>While traders were happy to see a slowing of US inflation last week, the situation in the UK and EU is likely to get worse. Expect volatility in G10 FX markets throughout next week.</p> <p>Inflation is peaking later and higher in the UK than in the US, partly as a result of its energy price cap mechanism that slows the pass through of higher prices to British households. Cornwall insight has predicted the typical annual bill (for energy) will rise about 81% in October, to more than £3500.</p>	<p>Bloomberg: Soros reloads on big tech with Amazon, Google and new Tesla bet</p> <p>It seems some big investors went back into the mega tech stocks at the start of July helping to push the US Tech 100 over 20% from its low. Can the rally continue next week?</p> <p>George Soros's investment firm bolstered its stakes in Amazon, Salesforce and Alphabet, among other large technology companies. All three rank among its top 10 holdings.</p> <p>The New York based firm also added a new \$20 million position in Elon Musk's Tesla, though that represents only about 0.4% of Soros's \$4.6 billion US equities portfolio.</p>	<p>Bloomberg: Stock market recovery faces a new hurdle as record buybacks slow</p> <p>Share buybacks from US companies have been a large support for US equities throughout 2022 at a time of great market stress. Is this demand slowing as the earnings outlook seems less certain for the rest of 2022/23?</p> <p>An end to corporate America's record stock buying spree is giving equity bulls one more thing to worry about. JP Morgan, Citigroup and Best Buy all paused buyback plans when reporting their second quarter results, deciding to hold on to cash instead as the Federal Reserve's interest rate hikes risk driving the economy into a recession.</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

Monday 15 th August	Tuesday 16 th August	Wednesday 17 th August	Thursday 18 th August	Friday 19 th August
HelloFresh ZipRecruiter 1130 Clear Secure	1100 Home Depot 1200 Walmart	Persimmon StoneCo 1100 Lowe's 1130 Target	Estee Lauder Canadian Solar	RLX Technology 1145 Deere
Before Market Opens: NiuTechnologies Thoughtworks Holding	Before Market Opens: Sea Huya	Before Market Opens: Krispy Kreme 1430 The TJX Companies	Before Market Opens: Tapestry Kohl's	Before Market Opens: Footlocker
After Market Closes: Tencent Music Ent.	After Market Closes: Jack Henry & Associates 2100 Agilent Technologies	After Market Closes: Wolfspeed 2105 Cisco	After Market Closes: Applied Mat. 2100 Ross Stores	After Market Closes:

Central Bank Meetings, Key Central Bank Speakers and Important Economic Data:

Monday: China, Housing, industrial production, unemployment and retail sales data. The market is more sensitive to China data releases but it is all still rather distorted from the lockdowns. Expectations are for this data to be improving.

Tuesday: AUD, RBA-Minutes. The RBA minutes could impact AUD and it will be interesting to see how committed they are to further rate hikes having stopped forward guidance at their last meeting. **Worth paying close attention!**

GBP, Unemployment data. UK data is growing in importance with the BoE now data dependent, so this could impact GBP which closed poorly last week. This is the first release in a big week for UK economic news.

Wednesday: NZD, RBNZ-Rate decision. New Zealand recorded its first drop in two-year inflation expectations since mid-2020, adding to signs the Reserve Bank's aggressive policy tightening is beginning to cool the economy. Meanwhile, the housing market decline gathered pace in July, with a key gauge of property prices recording its first annual drop in 11 years. This may see the RBNZ less hawkish now, although another 50bps hike is expected. **NZD is likely to move on this release and the forward guidance in the press conference an hour later!**



Monday 15 th August	Tuesday 16 th August	Wednesday 17 th August	Thursday 18 th August	Friday 19 th August
<p>0230 BST China House Price Index</p> <p>0300 BST China Industrial Production, Unemployment Rate and Retail Sales</p>	<p>*0230 BST AUD* RBA Meeting Minutes</p> <p>*0700 BST GBP* Unemployment Rate and Average Earnings</p> <p>*1330 BST CAD* Inflation Data (CPI)</p>	<p>*0300 BST NZD* RBNZ Interest Rate Decision</p> <p>*0700 BST GBP* Inflation Data (PPI/CPI)</p> <p>1000 BST EUR Gross Domestic Product</p> <p>*1330 BST USD* Retail Sales</p> <p>*1900 BST USD* FOMC Meeting Minutes</p>	<p>0230 BST AUD Employment Change and Unemployment Rate</p> <p>*1000 BST EUR* Inflation Data (HICP Final)</p>	<p>0001 BST GBP Gfk Consumer Confidence</p> <p>0030 BST JPY Inflation Data (CPI)</p> <p>*0700 BST GBP* Retail Sales</p>

Wednesday continued: GBP-CPI. UK inflation is front and center of BoE policy with wages still rising, but growth is a problem. The BoE still sees inflation continuing higher into October, so no peak expected here. Strong data will see more emphasis on another 50bp rate hike. **(See below for the GBPUSD technical update).**

EUR, EU Preliminary GDP. EU growth is clearly a thorny subject as the ECB battles with inflation. This preliminary data may have an impact on EUR and EU bonds as it is likely to grab a lot of headlines.



USD, Retail Sales: US consumers have been relatively resilient and it will be interesting to see if they are continuing to spend, especially as the Michigan consumer sentiment release showed its first improvement in 3 months last Friday. Some lower prices are coming through but it will take time to feed into prices on shelves. The Fed will be monitoring this data.

USD, FOMC-Minutes. A hawkish set of minutes is expected from the July FOMC meeting, and a clear message has been sent since the last meeting by Fed speakers through last week. These could impact sentiment across all markets, as the message is likely to be very strong regarding the fight against inflation, meaning aggressive rate hikes. **(See page 4 for the USA500 technical update).**

Thursday: AUD, Unemployment data. A big release for the RBA, especially the wages component. Recently, Australia's central bank lifted its inflation and wage growth forecasts while predicting unemployment will remain under 4% through mid-2024, underscoring the need for even tighter monetary policy. **This data could impact the AUD as traders anticipate if the RBA hike another 50bps at their next meeting.**



Thursday continued: EUR, European-HCIP. Anything to do with inflation is important for EUR traders and this data will be closely scrutinized by both the markets and ECB. **Can the EUR regain lost ground from the back end of last week?**

Friday: GBP, GfK Consumer confidence. The UK consumer is on its knees and facing rising prices of everything. A huge increase in energy costs is still to come and so expectations are for this data to remain weak.

GBP, Retail sales. UK Consumer confidence is low and it may be spilling into weakening sales. UK growth is already looking weak and the BoE said last week a recession in Q4 is imminent. **This data could see GBP move wildly.**

Commodities: The weaker USD continues to impact commodities in a positive fashion as **Copper, Gold and Silver** all moved higher. As fears recede for a US recession prices seem to be stabilizing as traders recalculate demand going forward. **Wheat** fell as grain shipments left Ukraine but while the outlook for global crops is improving from the previous tumultuous weeks, threats of drought, flooding are keeping supplies tight and prices elevated. **Crude Oil** closed down on Friday but oil still had a good week. The AAA in the US reported that the national average gas price at the pump was \$4 a gallon, the lowest in over 6 months. **Is the worst of the news already now in the price? (see Oil technical update below).**





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

Support	Resistance	Support	Resistance
USA 500: 1 st – 4199, Half last week's rally 2 nd – 4075, Bollinger mid-average 3 rd – 4038, 38% retrace Jun/Aug upside	1 st – 4300, May 5 th session high 2 nd – 4509, Apr 21 st session extreme 3 rd – 4588, Apr 5 th bounce failure level	EURUSD: 1 st – 1.0213, Bollinger mid-average 2 nd – 1.0096, July 28 th extreme 3 rd – 0.9952, July monthly low trade	1 st – 1.0370, Mid-point May/Jul sell-off 2 nd – 1.0469, Higher 62% retracement 3 rd – 1.0615, June 27 th session high
US Tech 100: 1 st – 12963, August 9 th low trade 2 nd – 12626, 38% retrace Jun/Aug upside 3 rd – 12328, Mid-point Same rally	1 st – 13685, 62% retrace Dec/Jun sell-off 2 nd – 14296, April 20 th extreme 3 rd – 15267, March 28 th session high	GBPUSD: 1 st – 1.2114, Bollinger mid-average 2 nd – 1.2003, August 5 th hold level 3 rd – 1.1889, July 28 th extreme	1 st – 1.2276, Last week's failure high 2 nd – 1.2321, 62% retrace May/Jul sell-off 3 rd – 1.2406, June 16 th session high
USA 30 Wallstreet: 1 st – 33203, Half last weeks advance 2 nd – 32661, Last weeks low trade 3 rd – 32450, Bollinger mid-average	1 st – 34024, May 4 th failure point 2 nd – 34715, April 22 nd session high 3 rd – 35410, April 21 st rejection level	USDJPY: 1 st – 131.71, Last weeks low and rally point 2 nd – 130.41, August 2 nd session low trade 3 rd – 129.91, 38% retrace Feb/Jul advance	1 st – 134.57, Bollinger mid-average 2 nd – 135.57, August 8 th failure point 3 rd – 137.46, July 27 th extreme
Germany 40: 1 st – 13417, Bollinger mid-average 2 nd – 13295, 38% retrace July/August 3 rd – 13085, Mid-point Jul/Aug upside	1 st – 14128, June 11 th rejection point 2 nd – 14416, June 10 th bounce failure level 3 rd – 14707, June monthly high trade	AUDUSD: 1 st – 0.7006, Half latest upside 2 nd – 0.6965, 38% retrace Jul/Aug upside 3 rd – 0.6912, Mid-point same move	1 st – 0.7137, June 10 th session high 2 nd – 0.7247, June 7 th failure point 3 rd – 0.7282, June monthly high trade
UK 100: 1 st – 7401, Last weeks low trade 2 nd – 7340, Bollinger mid-average 3 rd – 7308, 38% retrace Jul/Aug upside	1 st – 7547, Upper Bollinger band 2 nd – 7571, June 10 th session extreme 3 rd – 7645, June 7 th failure level	USDCAD: 1 st – 1.2727, Last weeks low trade 2 nd – 1.2680, June 10 th session extreme 3 rd – 1.2517, June monthly low trade	1 st – 1.2850, Bollinger mid-average 2 nd – 1.2983, August 5 th high trade 3 rd – 1.3024, July 18 th bounce failure

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