

Preparing for the week ahead : Corellian 3 Step Process

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

Risk sentiment: Risk sentiment improved into the end of the week even though central banks are still aggressively fighting inflation by front loading interest rate hikes.

Central banks last week:

RBA: Raised rates to 2.35% (4th 50bps hike in a row)

BoC: Raised 75bps to 3.25% (Highest rate amongst major economies)

ECB: Raised 50bps to 0.75% (Joining the jumbo hike club and Lagarde indicated the ECB could do more again)



Stock indices rallied on Friday, pushing higher through the US session into the close. The USA 500 closed up 1.51% and the US Tech 100 up 2.2%. All in all, a very positive end to the week considering the Fed are still aggressive. **Fed's Waller** stated last week, if inflation rises above its current path, rates could peak above 4%. **Chairman Powell** was also vocal over the job still in hand regarding inflation. **It seems traders got too bearish at the start of the week and got squeezed.**

(See below for the US Tech 100 Technical Update).



European Indices shrugged off the jumbo rate hike from the Fed and made solid gains. The Germany 40 closed back at 13130 (+3.5% on the week), the Europe 50 closed at 358 (+3.6%), while the France 40 closed at 6239 (+3.6%). **European stocks are trading at their lowest valuations since the pandemic so some profit taking is to be expected.**

The USD fell the most in a month as stronger risk appetite curbed demand for the world's safe haven currency of choice. The US Dollar Index fell 0.6% as traders rushed to bank some profits on the recent rally. GBPUSD touched 2 year lows at 1.1405, and USDJPY 20+ year highs at 144.99 earlier in the week, before retracing into the close (1.1591 and 142.69). **Next week is a very busy economic data week for the UK so more volatility is expected. (See page 3 for the GBPUSD Technical Update).**

Commodities wobbled at the start of the week as traders increased bearish bets on expectations of slower global growth. Oil fell 10% from its Monday highs to trade at fresh 6 month lows (\$81.18) before a 3% Friday rally, as the USD weakened, ensured a relatively respectable close back at \$86.07 (Down just 1.3% on the previous Friday close).

US 10 year bond yields, continue to trade at the top of their 2022 range closing the week at 3.32% (Up 12bps). The key resistance is 3.50% (June High 3.48%), and any breaks above there could have major implications for all markets.



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

<p>Reuters:</p> <p>Japan must take steps against 'excessive, one sided' yen moves, official says</p> <p>The verbal intervention from Japanese officials continues to ramp up. If USDJPY pushes higher again next week could the Japanese government step in?</p> <p>Japan's government must take steps as needed against excessive declines in the yen, deputy chief cabinet secretary Kihara said on Sunday.</p> <p>The fall to fresh lows against the dollar comes at a time when investors have been focusing on the widening divergence between the US Fed's aggressive interest rate hikes and the BoJ's pledge to maintain ultra low rates.</p>	<p>Bloomberg:</p> <p>ECB's Centeno urges cautious next steps after historic rate hike</p> <p>Only days after a 'Jumbo hike' of 75bps from the ECB, its committee members are talking less aggressively on the future. A potential negative for EUR next week?</p> <p>The European Central Bank must tread carefully at upcoming meetings after signalling its determination to fight record inflation with a jumbo interest rate increase last week, according to Governing Council member Mario Centeno. "It means that we're acting faster than we envisaged in June or even July," he said. "That doesn't mean that we're moving the end point up."</p>	<p>Bloomberg:</p> <p>An \$83 billion investor stampede shows scale of Europe's woes</p> <p>European indices had a relief rally into Friday's close but can the bounce continue?</p> <p>War, a winter of energy rationing, a coming recession that could outlast any American one. Oh, and a newly hawkish ECB. How Europe will surmount its mountain of troubles is anyone's guess – and investors aren't sticking around to find out. Money managers yanked \$3.4 billion from European stock funds in the week through Sept 7, taking total outflows in the last 6 months to \$83 billion, according to Deutsche Bank citing EPFR Global Data.</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 12 th September	Tuesday 13 th September	Wednesday 14 th September	Thursday 15 th September	Friday 16 th September
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Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:
Oracle			2145 Adobe	

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

The Bank of England meeting expected on Thursday 15th has been postponed a week due to the passing of the Queen.

Monday: GBP Gross Domestic Product (GDP). Traders are sensitive to any news around the state of the UK economy and this release will likely grab headlines. After GBPUSD squeezed from fresh lows at 1.1405 last week, any deviation from market expectations are likely to set the tone for whether a further push higher or a fresh assault on the lows is more likely.

Tuesday: GBP Employment Data. This release is important. The unemployment rate and earnings components are big feeders into BoE thinking on inflation and therefore carry a lot of weight. Higher wages will filter quickly into higher inflation and the tightness in the jobs market could see wages keep rising as further strike action is planned and eventually resolved.

BoE Governor Bailey Speech. He has been very negative on the UK economy recently and has suggested bigger, 'jumbo hikes' from the BoE could become reality. **What he says will likely impact the direction of GBP.**

USD Consumer Price Inflation (CPI). This is the main event next week! Whilst the data is expected to show a small drop in CPI and encourage the idea of "peak inflation", it probably won't be enough to change anything at the Fed as they want inflation back to 2% and that is some way off yet. That said, traders will likely take comfort from a weaker number and so bond yields, stocks and the USD will all move on this release as economists start to revise down forecasts for US inflation into 2023.

(See Page 4 for the USA 30 Wall Street Technical Update).

Monday 12 th September	Tuesday 13 th September	Wednesday 14 th September	Thursday 15 th September	Friday 16 th September
0700 BST GBP Gross Domestic Product	*0700 BST GBP* Claimant count, Unemployment Rate and Average Earnings *0900 BST GBP* BoE Governor Bailey Speech *1330 BST USD* Inflation Data (CPI)	0130 BST AUD Consumer Confidence *0700 BST GBP* Inflation Data (PPI/CPI) *0800 BST EUR* EU Commission President von der Leyen Speech 1330 BST USD Inflation Data (PPI)	0230 BST AUD Employment Change and Unemployment Rate *1330 BST USD* Retail Sales	0230 BST China House Price Index 0300 BST China Industrial Production and Retail Sales *0700 BST GBP* Retail Sales 1000 BST EUR Inflation Data (Final) 1500 BST USD Michigan Consumer Sentiment Index (Preliminary)

Wednesday: AUD Consumer Confidence. This release is important to the RBA. They have suggested that the pace of hikes may slow but it depends on data now. Consumer confidence is at risk with the falls seen in housing as mortgage rates rise steeply.

GBP Consumer Price Inflation (CPI). The central bank are already suggesting inflation has further to rise and so a strong number may be discounted somewhat by markets. Gilt yields have also already risen a lot but there are concerns over just how high inflation can get in the UK. Foreign investors remain illusive as debt piles up and rates keep rising. **This is a big data point for the BoE going forward, and will likely move GBP. Could the BoE be forced to go with 75bps on 22nd September?** (See below for the GBPUSD Technical Update).



EUR EU Commission President von der Leyen Speech. This is her State of the Union address. Traders will scour the headlines for her thoughts on Ukraine, further sanctions on Russia, the energy crisis and caps on Russian energy.

ECB Lane Speech. Lane is a recognised dove but after the ECB agreed to a 75bps hike last week, it will be interesting to hear from the ECB's chief economist, especially with regard to what comes next! **The EUR is at a pivot point around parity right now, any further dovishness towards future ECB hikes could send it back down.**

Thursday: AUD Employment Data. The RBA is the first among developed world central banks to signal a downshift in tightening, with Governor Lowe highlighting different labour market dynamics prevailing in Australia, in contrast to the US and UK. **This data release will be closely monitored and will definitely have an impact on AUD.**

Thursday continued... USD Retail Sales. The US consumer is still vital to the American economy and to be honest has been holding up better than many in other countries. American consumers are more insulated against the rise in commodities due to the strength of the dollar. **A strong set of sales data may allow the Fed to be more aggressive for longer and vice versa.**

Friday: China House Price Index, Industrial Production and Retail Sales. The world is watching and waiting for the Chinese economic recovery but with lockdowns still happening, this has been very slow coming. Industrial production could be slowing due to diminished global demand but retail sales may be impacted by lockdowns and travel restrictions. **Risk sentiment alert!**

UK Retail Sales. The UK consumer is getting hit from all sides and rising prices are seeing spending habits change. The BoE will have to balance rising inflation against a weakening economy and this data is a vital update on the UK growth outlook.

USD Michigan Consumer Sentiment. This preliminary release is revealing and gives a good insight into the psyche of the US consumer and has moved risk sentiment in the past. **How well is the US consumer holding up as prices rise along with higher mortgages and fuel costs? (See below for the USA 30 Wall Street Technical Update).**



Commodity Focus, Oil: Volatility abounds in oil markets due to conflicting drivers. One being a lack of demand as global growth stalls and China remains happy to lock down huge cities due to Covid. On the supply side, issues linger due to Russian sanctions, a resolute Putin, and an OPEC+ ready to respond with production cuts to stabilise the price at current levels. **(See below for the Oil Technical Update).**





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

Support	Resistance	Support	Resistance
USA 500:		EURUSD:	
1 st - 3981, Half latest recovery	1 st - 4092, Bollinger mid-average	1 st - 0.9985, Bollinger mid-average	1 st - 1.0113, Last week's high trade
2 nd - 3905, 62% retrace Jun/Aug	2 nd - 4157, 62% retrace Aug/Sep	2 nd - 0.9863, September 6 th low	2 nd - 1.0247, 38% retrace May/Aug
3 rd - 3821, July 18 th session low	3 rd - 4217, Aug 26 th high trade	3 rd - 0.9615, Channel lower limits	3 rd - 1.0348, Mid-point same
US Tech 100:		GBPUSD:	
1 st - 12328, Half last week's rally	1 st - 12757, Bollinger mid-average	1 st - 1.1530, Half last week's rally	1 st - 1.1671, Bollinger mid-average
2 nd - 11922, Wednesdays low	2 nd - 12841, Mid-point Aug/Sep	2 nd - 1.1405, Last week's rally point	2 nd - 1.1751, 38% retrace Aug/Sep
3 rd - 11860, July 18 th session low	3 rd - 13068, Higher 62% retrace	3 rd - 1.1394, Bollinger lower band	3 rd - 1.1857, Mid-point same move
USA 30 Wallstreet:		USDJPY:	
1 st - 31630, Half last week's rally	1 st - 32232, 38% retrace Aug/Sep	1 st - 142.14, Last weeks low trade	1 st - 144.99, Last week's high
2 nd - 30973, Last week's low	2 nd - 32527, Bollinger mid-average	2 nd - 139.50, 38% retrace Aug/Sep	2 nd - 147.33, 38% Feb'85/Oct'11
3 rd - 30107, July 14 th session low	3 rd - 32999, Higher 62% retrace	3 rd - 137.79, Mid-point same move	3 rd - 147.61, August 1998 failure
Germany 40:		AUDUSD:	
1 st - 12599, September 1 st low	1 st - 13142, 38% retrace Aug/Sep	1 st - 0.6770, Last weeks low	1 st - 0.6870, 38% retrace Aug/Sep
2 nd - 12366, July monthly low	2 nd - 13301, Mid-point same	2 nd - 0.6720, July 15 th hold level	2 nd - 0.6921, Mid-point same move
3 rd - 11313, October 2020 low	3 rd - 13466, Higher 62% retrace	3 rd - 0.6681, July 14 th session low	3 rd - 0.6973, Higher 62% retrace
UK 100:		USDCAD:	
1 st - 7133, September 1 st low	1 st - 7400, Bollinger mid-average	1 st - 1.2971, Mid-point Aug/Sep	1 st - 1.3097, Half latest sell-off
2 nd - 6955, July 15 th session low	2 nd - 7537, Aug 25 th bounce failure	2 nd - 1.2913, Deeper 62% retrace	2 nd - 1.3208, Last weeks failure high
3 rd - 6908, June monthly low	3 rd - 7574, Aug 19 th rejection point	3 rd - 1.2894, August 25 th low trade	3 rd - 1.3223, July 14 th rejection

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