

**Corellian 3 Step process to prepare for next week**  
**Step 1: Where did markets end last week and why?**

**Risk sentiment** took a serious knock Friday as traders digested the US Non farm payrolls release. The data was not what the Fed or markets wanted to see as unemployment fell to 5 decade lows, meaning the central bank are unlikely to slow down the pace of rate hikes.



**Friday data:**

- **Non Farm Payrolls** +263k versus +250k expected.  
**Unemployment rate** fell from 3.7% to 3.5% (3.7% expected).  
**Average hourly earnings** slightly lower 5% versus 5.1% expected.

**Stock indices** actually made small weekly gains due to the very positive start to the week, but that doesn't tell the whole story, with Friday ending poorly for stock market bulls. The USA 500 fell 2.81%, US Tech 100 fell 3.86% and the USA 30 Wall Street fell 2.1%. Also concerning is the VIX (Stock market volatility indicator) creeping back above 30 (Closed at 31.50) indicating further big moves are likely. **(See below for the USA 500 Technical Update).**

**US Q3 Earnings season** starts next week with PepsiCo Wednesday and the big US banks Friday **(See page 2).**



**USA 500 Index Technical Update:**

With last week seeing upside held and reversed by mid-average resistance (currently at 3799) a negative pattern remains in force. Closing breaks of 3700 (half last weeks rally) reflect further deterioration and potential to retest, possibly breach 3572 (Oct 3<sup>rd</sup> extreme) potentially towards 3496 (long term mid-point). To the upside, closes above 3820 (last weeks high) are needed to see a more extended retracement.

**The USD** which had initially been under pressure at the start of the week flipped positive again Friday with big gains against all G10 currencies. GBPUSD which had traded as high at 1.1495 Wednesday on the back of 6 straight daily gains, closed back at 1.1080. While AUD reversed from its 'risk on', mid week highs at 0.6547 to close back at 0.6363 as the RBA became the first major central bank to pull back from aggressive hikes by only raising 25bps at its meeting, last Tuesday.

**Commodities**, apart from oil, were all pressured Friday by expectations for another 'jumbo' rate hike from the Fed, and a higher USD. Oil was the exception closing up 5% to register a 17% gain on the week after OPEC+ cut November production by a huge 2 million barrels.

**The US 10 year yield** rallied after the data on Friday closing back at 3.89% and just below its 2022 highs at 4.01%. Rising US yields and a rising USD are concerns for equity investors.



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

<p><b>Reuters:</b> China's services activity falls for first time since May</p>	<p><b>Bloomberg:</b> Kwarteng heads to the IMF with alarm bells recalling 1976 bailout</p>	<p><b>Bloomberg:</b> Wall street is missing the risk to stocks if inflation is beaten</p>
<p>More evidence of a weakening global economy. A slight negative for risk sentiment on the open?</p> <p>China's services activity in September contracted for the first time in four months, as Covid 19 restrictions dented already fragile demand and dimmed business confidence, a private sector business survey showed on Saturday.</p> <p>The Caixin series PMI fell to 49.3 from 55 in August as Covid containment measures disrupted supply and demand.</p>	<p>A reminder that the UK government still has big spending plans and has to sell the idea to global investors who doubt its viability.</p> <p>Britain's finance minister Kwasi Kwarteng travels to Washington next week for the IMF annual meetings with relations in as parlous a state as they have been since the UK begged for a bailout in 1976.</p> <p>The meeting will be a focal point for grumbling that the UK economy, once a bastion of fiscal prudence, is now destabilising global markets.</p>	<p>Next week US Q3 earnings season starts and expectations are for weaker results and disappointing forecasts for future periods.</p> <p>The conventional wisdom with stock bulls is that prices will take off when the Fed wins its fight against inflation. But the end of surging consumer costs could unleash another round of bad news.</p> <p>The fear is falling inflation and sticky wages will lead to margin decay. With prices unable to be passed on to consumers and fixed costs remaining high.</p>

**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):**

<b>Time Zone Key:</b>	
BST -5	= New York
BST	= London
BST +1	= Frankfurt
BST +8	= Tokyo
BST +9	= Sydney

US Q3 2022 Earnings season kicks off next week with PepsiCo (Wed) and then the big US banks (Fri). After sales/profit warnings in recent weeks from Apple and FedEx unnerved investors, this quarters earnings could be critical for stock performance.

Monday 10th October	Tuesday 11th October	Wednesday 12th October	Thursday 13th October	Friday 14th October
		0600 Gerresheimer <b>1100 PepsiCo</b>	TSMC 1200 Walgreens	<b>1200 JPMorgan</b> <b>1230 Morgan Stanley</b> <b>1300 Citigroup</b>
<u>Before Market Opens:</u>	<u>Before Market Opens:</u>	<u>Before Market Opens:</u>	<u>Before Market Opens:</u>	<u>Before Market Opens:</u>
			Delta Air Lines Blackrock	PNC Financial United Health <b>Wells Fargo</b>
<u>After Market Closes:</u>	<u>After Market Closes:</u>	<u>After Market Closes:</u>	<u>After Market Closes:</u>	<u>After Market Closes:</u>

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

**Monday: Fed Vice Chair Brainard Speech.** Coming so soon after Friday's employment report expectations will be for her to stick script and emphasise the Fed's aggressive stance against inflation. Any mention of another 'jumbo' hike could hurt risk sentiment.

**Central bankers at IMF meetings all week.** Be prepared for a variety of headlines that will impact markets throughout the week regarding things like financial market stability, USD strength or the threat to global growth of the recent rate hikes.

**Tuesday: GBP BRC Retail Sales.** The UK economy is weak and the consumer is vital for growth, so this data is important.

**GBP Employment data.** Employment data and wages are at the heart of the BoE drive to fight inflation and more hikes are expected. **Will the data still show the tightness in the labour market and rising wages?** If so this could impact GBP.

**SNB Chairman Jordan Speech.** The SNB has shifted towards preferring a strong currency as it helps cap inflation. Comments from Jordan could signal how they see rate moves developing and impact the CHF further.

**BoE Bailey Speech.** A crucial speech for GBP. The BoE had to intervene recently in the Gilt (UK bond) market but they are due to end this intervention on Friday this week, **Will they? Bailey may have something to say on this.**



**Sunday 9<sup>th</sup> October 2022**

Monday 10th October	Tuesday 11th October	Wednesday 12th October	Thursday 13th October	Friday 14th October
<b>IMF Meetings All Week</b>  *1835 BST USD* <b>Fed Vice Chair Brainard Speech</b>	<b>0001 BST GBP BRC Retail Sales</b>  <b>0700 BST GBP Claimant Count, Unemployment Rate and Average Earnings</b>  *1700 BST CHF* <b>SNB Chairman Jordan Speech</b>  *1935 BST GBP* <b>BoE Governor Bailey Speech</b>	<b>0030 BST AUD Consumer Confidence</b>  <b>0700 BST GBP Gross Domestic Product</b>  *1430 BST EUR* <b>ECB President Lagarde Speech</b>  *1900 BST USD* <b>FOMC Meeting Minutes</b>	*1330 BST USD* <b>Inflation Data (CPI)</b>	<b>0230 BST China Inflation Data (PPI/CPI)</b>  <b>0300 BST China Imports, Exports and Trade Balance</b>  *1330 BST USD* <b>Retail Sales</b>  <b>1500 BST USD Michigan Consumer Sentiment (Preliminary)</b>

**Wednesday: AUD Consumer confidence.** This is always something the central bank keeps an eye on and with the RBA slowing the pace of rate hikes, the Australian consumer is in focus now. How are they coping with higher rates?

**GBP Gross Domestic Product.** GBP is ultra sensitive to any news on the level of economic growth in the UK. Is the country already in recession? It could cause fresh volatility in GBPUSD and EURGBP.

(See below for the GBPUSD technical update).



**GBPUSD Technical Update:**  
Last week initially extended recent recovery activity, a move that breached Bollinger mid-average resistance. However, failure and rejection materialised from higher levels to see moves back below the declining average, a potential fresh negative trigger. Risks are for a deeper retracement, with 1.1059 breaks (38% level) exposing 1.0924 (mid-point). Breaks back above 1.1302 (half last weeks sell-off) are needed to suggest retests of 1.14954 (Oct 5<sup>th</sup> high).

**FOMC Meeting Minutes.** Could these minutes from the last Fed meeting provide further insight in to what the central banks thinks about the ability of the US economy to absorb higher borrowing costs? It could impact markets.

**Thursday: USD Inflation data (CPI).** This is one of the most important releases on the monthly calendar and is crucial to Fed thinking, especially the core data. CPI inflation may have peaked but traders must remember the Fed is targeting getting it back down to 2%. Even slight deviations from what the market expects are likely to have outsized impacts on equities, especially technology stocks sensitive to higher US yields.  
(See page 4 for the US Tech 100 Technical Update).

**Friday: China Inflation data (PPI/CPI).** The PBOC are fighting against capital outflows and will find it difficult to cut rates if inflation falls further. This data is more of a domestic issue, but can impact risk sentiment.

**China Imports, Exports and Trade Balance.** The world is waiting to see if China can recover from Covid lockdowns and start adding positive numbers to global growth but it has been a long wait. The export data is especially important for an insight into global demand.

**Friday: USD Retail Sales.** Big data. The Fed are not backing off their rate hike plans as they see the US economy as relatively strong. Retail sales may underline this thought or disappoint. **This volatile number will move markets!**

**USD Preliminary Michigan Consumer Sentiment.** How is the consumer coping with the increase in borrowing costs? This data will likely influence market direction into the weekend.



**US Tech 100 Technical Update:**

While last week did see a reactive recovery from short term over-extended downside conditions, there was no evidence of a positive sentiment shift and Bollinger mid-average held and reversed strength. This is now threatening breaks below 10890 (last weeks low) with such moves a potential trigger to retest even breach 10511 (long term 62% retrace). Closes above 11672 (mid-average) are needed to suggest retracements to 11947 (38% retrace).



**Commodity Focus Oil:** Last week we wrote expect more volatility and oil rallied 17% on what can only be described as an aggressive 2 million barrel per day cut to November production quotas from OPEC+. This was directly against calls for a more moderate approach from the US and prompted an immediate negative response from the White House. Oil has become politicised and this may see higher prices and push up inflation that the western world is trying so hard to rein in. It seems OPEC+ members want oil above \$90 and so far they have achieved their aim. **Has this forced a change in the recent downtrend? (See below for the oil Technical Update).**



**Oil Technical Update:**

A strong rally materialised last week, following successful closing breaks of Bollinger mid-average resistance. This has triggered an extended retracement of Jun 14<sup>th</sup> to September 26<sup>th</sup> declines, with first resistance at 94.48 (38% level). Breaks will be a further positive, opening scope to challenge 97.63 (Aug 30<sup>th</sup> high) even 100.08 (mid-point). To the downside, closes under 86.81 (38% retrace of latest rally) are needed to resume negative themes.



**Below are the 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> - <b>3632</b> , Friday's session low 2 <sup>nd</sup> - <b>3572</b> , Last week's low trade 3 <sup>rd</sup> - <b>3496</b> , Half Mar'20/Jan'22	1 <sup>st</sup> - <b>3727</b> , Half last weeks sell-off 2 <sup>nd</sup> - <b>3799</b> , Bollinger mid-average 3 <sup>rd</sup> - <b>3820</b> , Last week's failure high	<b>EURUSD:</b> 1 <sup>st</sup> - <b>0.9726</b> , Friday's low trade 2 <sup>nd</sup> - <b>0.9536</b> , Sep 28 <sup>th</sup> low trade 3 <sup>rd</sup> - <b>0.9443</b> , Channel lower limits	1 <sup>st</sup> - <b>0.9999</b> , Last week's high 2 <sup>nd</sup> - <b>1.0048</b> , Channel upper limits 3 <sup>rd</sup> - <b>1.0111</b> , Bollinger upper band
<b>US Tech 100:</b> 1 <sup>st</sup> - <b>10890</b> , Last week's low 2 <sup>nd</sup> - <b>10511</b> , 62% Mar'20/Nav'21 3 <sup>rd</sup> - <b>10302</b> , July 2020 extreme	1 <sup>st</sup> - <b>11383</b> , Half last weeks sell-off 2 <sup>nd</sup> - <b>11672</b> , Bollinger mid-average 3 <sup>rd</sup> - <b>11947</b> , Mid-point Sep/Oct	<b>GBPUSD:</b> 1 <sup>st</sup> - <b>1.1059</b> , 38% last week's rally 2 <sup>nd</sup> - <b>1.0924</b> , Mid-point same move 3 <sup>rd</sup> - <b>1.0786</b> , Deeper 62% retrace	1 <sup>st</sup> - <b>1.1278</b> , Half latest sell-off 2 <sup>nd</sup> - <b>1.1495</b> , Last week's high trade 3 <sup>rd</sup> - <b>1.1669</b> , Bollinger upper band
<b>USA 30 Wallstreet:</b> 1 <sup>st</sup> - <b>29186</b> , Friday's extreme 2 <sup>nd</sup> - <b>28639</b> , Last week's low 3 <sup>rd</sup> - <b>28521</b> , Bollinger lower band	1 <sup>st</sup> - <b>30259</b> , Bollinger mid-average 2 <sup>nd</sup> - <b>30510</b> , Last week's high 3 <sup>rd</sup> - <b>30710</b> , Mid-point Sep/Oct	<b>USDJPY:</b> 1 <sup>st</sup> - <b>143.96</b> , Bollinger mid-average 2 <sup>nd</sup> - <b>141.76</b> , Sept 23 <sup>rd</sup> low trade 3 <sup>rd</sup> - <b>140.02</b> , 38% retrace Aug/Sep	1 <sup>st</sup> - <b>145.60</b> , Bollinger upper band 2 <sup>nd</sup> - <b>145.90</b> , Sept 22 <sup>nd</sup> rejection 3 <sup>rd</sup> - <b>147.33</b> , 38% Feb'85/Oct'11
<b>Germany 40:</b> 1 <sup>st</sup> - <b>11827</b> , Last week's low trade 2 <sup>nd</sup> - <b>11495</b> , Nov'20 monthly low 3 <sup>rd</sup> - <b>11313</b> , Sep 14 <sup>th</sup> bounce high	1 <sup>st</sup> - <b>12702</b> , Mid-point Sep/Oct 2 <sup>nd</sup> - <b>12904</b> , Higher 62% retrace 3 <sup>rd</sup> - <b>13315</b> , Bollinger upper band	<b>AUDUSD:</b> 1 <sup>st</sup> - <b>0.6354</b> , Last weeks low trade 2 <sup>nd</sup> - <b>0.6253</b> , Mid-April'20 extreme 3 <sup>rd</sup> - <b>0.5981</b> , Mar'20 rally point	1 <sup>st</sup> - <b>0.6547</b> , Last week's failure 2 <sup>nd</sup> - <b>0.6571</b> , 38% Sept sell-off 3 <sup>rd</sup> - <b>0.6637</b> , Mid-point same move
<b>UK 100:</b> 1 <sup>st</sup> - <b>6954</b> , Half latest rally 2 <sup>nd</sup> - <b>6919</b> , Tuesday's low trade 3 <sup>rd</sup> - <b>6794</b> , Last week's extreme	1 <sup>st</sup> - <b>7121</b> , Bollinger mid-average 2 <sup>nd</sup> - <b>7158</b> , Mid-point Sep/Oct 3 <sup>rd</sup> - <b>7243</b> , Higher 62% retrace	<b>USDCAD:</b> 1 <sup>st</sup> - <b>1.3523</b> , Bollinger mid-average 2 <sup>nd</sup> - <b>1.3497</b> , 38% retrace Sep range 3 <sup>rd</sup> - <b>1.3392</b> , Mid-point same move	1 <sup>st</sup> - <b>1.3832</b> , September failure high 2 <sup>nd</sup> - <b>1.4007</b> , Late May'20 extreme 3 <sup>rd</sup> - <b>1.4173</b> , May'20 rejection

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