

# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** dipped initially on the release of the US non farm payrolls report. A higher headline number and revision from last month, combined with accelerating wage growth, suggested US inflation may linger at higher levels for longer. This negativity didn't last into the close as the early moves reversed, seeing stocks and bonds rally and the USD sell off. Commodities finished mixed.

## STEP 1:

### WHERE DID MARKETS END LAST WEEK AND WHY?

#### Friday data: US Employment Extends Strong Gains

- Nonfarm payrolls increased 263k (exp. +200k)  
Unemployment rate stayed at 3.7%  
Average hourly earnings rose to 5.1%(exp. 4.6%)
- Points to enduring inflation pressures and  
boosts chances of higher interest rates from  
the Fed



**A significant rally off the lows into the close for US Stock indices** ensured the strong gains made after Fed Chairman Powell's speech on Wednesday, where he suggested smaller rate hikes are coming, potentially as soon as the December FOMC, were maintained. The USA 500 closed at 4070, its highest level since early September, and a 1% gain on the week **(Page 2 USA 500 TA Update)**.

**The US Dollar Index** briefly got back to flat on the week with a strong rally after the US payroll report, but failed to maintain the gains, closing back at 104.46 (-1.4% on the week). USDJPY was by far the worst performer in G10 FX, falling 3.4% to finish at 134.31, its lowest close since 15th August. **(Page 3 AUDUSD TA Update)**.

**US 10 year yields** had a bad week, falling 22bps, to close the week at 3.49%. Any rallies were brief and sold into as traders decided to reflect the expectation that the Fed will only raise interest rates 50bps at its next FOMC on the 14th December.





**USA 500 Technical Update:**

While last week ended with correction activity into and following payrolls data, new recovery highs were still posted.

This maintains a positive picture with potential to challenge 4172 (Sep 13th high) possibly further if this gives way.

Closes below 3974 (Bollinger mid-average) indicates risk of a deeper sell-off, but support is evident at 3941 (Nov 29th low) and 3878 (38% retrace Oct/Dec upside).



**Commodities** had a mixed end to the week. Silver (+1.7%) and Copper (+1%) led the gains in precious metals, while Gold (-0.3%), Palladium (-2.3%) and Platinum (-2.8%) had weaker closes. **(Page 4 Gold TA Update)**. Oil fell 1.1% Friday, to finish at 80.30, but was still up 4.5% on the week. The fall was mainly due to profit taking as traders await news on the size of any potential production cuts from the OPEC+ meeting on Sunday 4th December.

## STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

All times are Greenwich Mean Time (GMT) Please use the key opposite to adjust to your appropriate time zone.

**Key Q3 Earnings next week in table below (Times GMT)**

**Time Zone Key:**

|         |             |
|---------|-------------|
| GMT -5  | = New York  |
| GMT     | = London    |
| GMT +1  | = Frankfurt |
| GMT +9  | = Tokyo     |
| GMT +11 | = Sydney    |

| Monday 5th Dec | Tuesday 6th Dec   | Wednesday 7th Dec   | Thursday 8th Dec   | Friday 9th Dec                                      |
|----------------|---|---|--|---|
| Gitlab         | Ashtead<br>1145 Ferguson<br><br>Autozone<br><br>Sprinklr<br>Toll Brothers<br>MongoDb<br>SentinOne | RH<br>0600 Aurubis<br><br>Thor Industries<br>Campbell Soup<br><br>C3.ai | National Beverage<br>0700 DS Smith<br><br>CIENA<br><br><b>Chewy</b><br>Broadcom<br>2115 Cooper<br><b>2115 Costco</b> | Berkeley Group<br>Carl Zeiss Meditec<br><br>Li Auto |



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Sunday: OPEC+ meeting.** Oil prices gained last week on rumours of further output cuts. Expect a volatile Monday open depending on the outcome of the meeting.

**Monday: 1500 GMT USD ISM Services PMI.** This release covers the sector that faces the US consumer, so it is an important health check on the US economy. Risk sentiment could be impacted by any number below expectations.

**Tuesday: 0330 GMT RBA Interest Rate Decision.** Australia's central bank has surprised markets at 3 of its 10 meetings in 2022 so there is a degree of uncertainty around what they will do. Expectations are for a 25bp hike, but it could be either 15bp or even 50bp, as inflation still isn't under control. **AUD will move on the release. (Below AUDUSD TA Update).**



### AUDUSD Technical Update:

Reaction to payrolls saw a correction but not before a new recovery high had been posted Thursday.

This maintains a positive trending condition and while closes are seen above 0.6709 (Bollinger mid-average) risks are to retest 0.6916 (Sep 13th high) possibly further.

Closes under 0.6709 while not an outright negative, can see 0.6590 retests (38% retracement).

**Wednesday: 0300 GMT China Trade Data.** Despite data out of China being difficult to assess due to the increase in Covid cases and enforced lockdowns, hopes are that a turning point may have been reached. **Will this support or negate the recent gains in China/HK stocks and commodities? (Page 4 Gold TA Update).**

**0710 GMT ECB Chief Economist Lane Speech.** Markets are still pricing an 80% chance of a 75bp hike from the ECB at their meeting on 15th December. Will he support this view or pull back? He is known to be a more dovish member of the committee.

**1500 GMT BoC Interest Rate Decision.** This is a big event after some very weak growth data recently. Could the BoC be the first major central bank to actually pause hiking interest rates? **There is huge potential CAD volatility around this meeting. (Page 4 USDCAD TA Levels).**





#### Gold Technical Update:

Closes above 1789 (38% retrace) saw approach of 1808 (Aug 10th high) from which a sell-off developed Friday. However, there is no evidence of a negative shift in sentiment, pointing to downside as limited before fresh attempts at strength are seen.

Potential remains to break higher, opening scope to 1842 (mid-point). To the downside, closes below 1752 (mid-average) suggest a deeper sell-off to retest 1734 (38% retrace November upside).

**Thursday: 1200 GMT ECB President Lagarde Speech (Recorded).** Lagarde has been hawkish recently and this has helped support EURUSD towards fresh highs above 1.05. What message will she want to convey here so close to the ECB meeting on 15th Dec?

**Friday: 0130 GMT China Inflation Data (PPI/CPI).** Chinese authorities are focused on supporting growth and avoiding a negative deflationary spiral. Are things picking up at all domestically?

**1500 GMT Preliminary Michigan Consumer Sentiment.** It is vitally important to get an insight in to the state of mind of the US consumer. Their inflation expectations going forward (1 to 5 years) have moved markets in previous months, and are likely to have an influence on risk sentiment into the Friday close.

## Key levels the Corellian mentors are focused on

#### US Tech 100:

##### Support

1st - 11673, Bollinger mid-average  
2nd - 11464, November 29th Low  
3rd - 11218, 62% November Upside

##### Resistance

1st - 12135, Last week's high  
2nd - 12501, 62% retrace Aug/Oct  
3rd - 12981, September 13th High

#### Germany 40

##### Support

1st - 14293, Bollinger mid-average  
2nd - 14015, 38% retrace Nov range  
3rd - 13862, Mid-point same move

##### Resistance

1st - 14616, Last week's high  
2nd - 14943, March 30th extreme  
3rd - 15535, February 17th rejection

#### USDCAD

##### Support

1st - 1.3375, Bollinger mid-average  
2nd - 1.3316, November 24th low  
3rd - 1.3225, November 15th low

##### Resistance

1st - 1.3645, Last week's high  
2nd - 1.3691, 62% retrace Oct/Nov  
3rd - 1.38707, November 3rd high



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