

# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** closed on a positive note Friday boosted by Fed speakers Waller and Harker who suggested that US central bank policy was close to 'sufficiently restrictive', and backed a slow down in rate hikes. This news resulted in gains for equity markets, a rise in commodities and a lower USD. However, traders remain nervous about upcoming earnings and economic data releases.

## STEP 1: WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: UK Retail sales highlight a weak consumer and fragile economy

- UK December Retail sales:  
(MoM) -1% v +0.5% expected  
(YoY) -5.8% v -4.1% expected  
Confirming 2022 was the worst year on record.
- The cost of living squeeze in the UK is impacting consumer spending. Pointing to more pain ahead for the UK economy.



**US Stock indices** reduced some of the weeks losses with a strong recovery on Friday. The USA 30 Wall Street rose 1% to close at 33,465, after initially falling over 1500 points from its Monday highs, pushed lower by a poor earnings release from Goldman Sachs. The USA 500 (+1.9%) and US Tech 100 (+2.8%) did even better. **(Page 2 USA 30 Wall Street TA Update)**. **European indices** also rallied Friday but halted their longest streak of gains since November with minor falls on the week.

**The USD** had a volatile week across various pairs but overall still struggled to sustain any significant rally. USDJPY which had traded as low as 127.22 ahead of the much anticipated BoJ interest rate meeting, squeezed as high as 131.57 on the no change outcome before settling at 129.58 (+1.3% on the week). GBPUSD also rose 1.3% to finish at 1.2393 (1.2435 High) as traders increased rate hike bets.

**US 10 year yields** were under pressure for most of the week as traders sought to buy US government bonds as a safe haven against a potential recession. They fell from 3.50% on the open to lows of 3.32% Thursday, before closing at 3.48%.





**USA Wall Street 30 Tech Update:**  
 Last weeks deterioration and closing break below mid-average support highlights increasing downside pressure. However, closes below 32684/32709 (Dec 20th low & 38% retrace) are needed to reflect a potential negative sentiment shift to expose 31929 risks (deeper mid-point) then 31738 (Nov 3rd low).

To the upside, settlements above 33595 (Bollinger mid-average) are required to suggest retests of 34486 (Jan 16th high).



**Commodities** closed broadly higher Friday. Silver (+0.36%), copper (+1.12%) and platinum (+0.64%), made small gains in precious metals, while gold fell 0.3% to close at \$1926, on profit taking after hitting a new 11 month high at \$1937 earlier in the day. Oil finished the day at \$81.71 (+1.36%), cementing a second weekly gain as traders anticipated further demand from a rapid reopening in China. **(Page 3 Oil TA Update).**

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 Q4 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

<b>Monday 23rd Jan</b> 1200 Baker Hughes  <b>Before Market Opens:</b>  <b>After Market Closes:</b> Umpqua Zions Bancorporation Brown & Brown	<b>Tuesday 24th Jan</b> 1045 Haliburton 1145 J & J 1200 Verizon  <b>Before Market Opens:</b> General Electric 3M  <b>After Market Closes:</b> 2005 Intuitive Surgical 2105 Capital One <b>Microsoft</b>	<b>Wednesday 25th Jan</b> 0600 ASML 1230 Kimberly Clark 1230 Boeing  <b>Before Market Opens:</b> AT&T ADP  <b>After Market Closes:</b> <b>2108 IBM</b> 2200 Teradyne <b>Tesla</b>	<b>Thursday 26th Jan</b> 0520 Volvo 0600 SAP 1200 American Airlines  <b>Before Market Opens:</b> Comcast Mastercard  <b>After Market Closes:</b> <b>LVMH</b> Visa <b>Intel</b>	<b>Friday 27th Jan</b> 0700 H & M 1200 Amex Church & Dwight  <b>Before Market Opens:</b> Chevron HCA Healthcare  <b>After Market Closes:</b>
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## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday (Also Tue, Fri): 1745 GMT ECB President Lagarde Speech.** Lagarde and many members of the ECB have turned unusually hawkish in recent weeks. The message has been clear, more 50bp hikes are coming until the fight with inflation is done. **Could these speeches be a catalyst for EURUSD to push higher next week?**

**Monday (AUD), Tuesday (JPY, EUR, GBP and USD): Preliminary PMI Data.** Trader focus has shifted back to whether economic data is showing signs of recession or recovery. These forward looking releases could set the tone for all markets early next week. **Are the UK and EU emerging from 6 months of contraction? Is US data, especially services, showing signs of a slowing economy?** Weaker data across the board could negatively impact the recent rally in oil and other commodities. **(Below Oil TA Update).**



### Oil Technical Update:

Last week saw continued pressure build on 81.95 (mid-point Nov/Dec'22 downside) a level that held on a closing basis. This saw consolidation but while 78.06 (Bollinger mid-average) remains intact, potential is for limited corrections and further attempts to breach supply.

Successful 81.95 closing breaks suggest retests of 84.76 (higher 62% level) possibly further. To the downside, closes under 78.06 expose a deeper sell-off to 76.46 (62% retracement).

**Tuesday: 2145 GMT NZD Inflation Data (CPI).** With interest rates in New Zealand already at 4.25% the central bank is pondering how much more to tighten. At their last interest rate meeting they said inflation data needs to turn and inflation expectations must start to cool, so this release will likely have a big impact on NZD.

**Microsoft (Tues) and Tesla (Wed) Earnings.** After Netflix's results late Thursday highlighted a subscriber boom, starting a Friday surge in tech shares, traders are eagerly awaiting the next major company releases. **These releases will impact all US equity markets.**

**Wednesday: 0030 GMT AUD Inflation Data (CPI).** A weaker than expected employment report last week sowed some doubts over the 2 25bp hikes markets have priced in for the next RBA meetings. Leading to a brief AUD sell off. **Are the markets right, or will this release show the central bank has room to be more cautious, and even pause to assess the impact of recent hikes on the economy?** **(Page 4 AUDUSD TA Update)**





**AUDUSD Technical Update:**

While last week did see a correction following Wednesday's new recovery high, support offered by the rising Bollinger mid-average held, prompting a rally.

This 0.6877 level will be a focus next week, with potential to extend strength towards 0.7063 (Jan 18th high) possibly further if this gives way. Closes below 0.6879 point to a deeper decline towards 0.6849 (mid-point) even 0.6796 (62% level).

**Wednesday: 1500/1600 GMT BoC Interest Rate Decision and Press Conference.** Certainly a big event for USDCAD but also potentially quite a big event for risk sentiment. Will the BoC be the first central bank from the larger economies to pause rate hikes? If so, investors may react positively, hoping this will be a start of a trend.

**Thursday: 1330 GMT USD Advance GDP.** With traders back focused on the likelihood of a US recession, this release could generate some market moving headlines.

**Friday: 1330 GMT USD PCE Inflation.** Without doubt, this is big data for the Fed and therefore for all traders. This release is very likely to move US bond markets and thus, the USD and equity markets. The Core PCE release is seen as the Fed's preferred gauge of inflation.

# Key levels the Corellian mentors are focused on

**US Tech 100**  
**Support**  
1st - 11227, Bollinger mid-average  
2nd - 11093, January 10th low  
3rd - 10759, December 28th low

**Resistance**  
1st - 11578, Last week's extreme  
2nd - 12069, December 14th high  
3rd - 12383, Dec 13th spike high

**USA 500:**  
**Support**  
1st - 3902, Last week's low trade  
2nd - 3819, January 6th low  
3rd - 3788, December monthly low

**Resistance**  
1st - 4035, January 17th high  
2nd - 4089, December 14th extreme  
3rd - 4174, Dec rejection high

**EURUSD:**  
**Support**  
1st - 1.0766, Last week's low trade  
2nd -1.0721, Bollinger average  
3rd - 1.0635, January 9th low

**Resistance**  
1st - 1.0887, Last week's high  
2nd - 1.1054, April 2022 high  
3rd - 1.1184, March 2022 failure



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