



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** ended the week in subdued mood as traders digested central bank commentary highlighting that the battle to control inflation is far from over, relations between China and the US becoming a little frostier and Russia renewing its assault on Ukraine with its biggest barrage of missile attacks in 2023 so far. Bond yields and the dollar rose, while stocks struggled.

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

Friday data: Consumer sentiment survey shows  
Americans are more upbeat

- Preliminary Michigan consumer sentiment 66.4 versus 65 expected. A one year high as more upbeat current conditions outweighed lingering concerns about the outlook.
- One year inflation expectations rose from 3.9% (Jan) to 4.2% (Feb).



**US Stock indices** had a tough 5 trading days as traders adjusted to the potential for higher than originally anticipated US interest rates. The rate sensitive US Tech 100 fell 2.2% on the week to close at 12340. **It was a similar story in Europe** where higher EU bond yields weighed on European indices. The Germany 40 was the worst performer on Friday with a 1.3% fall to close at 15369 (-0.6% on the week).

**The Dollar** had another strong week supported by rising bond yields. The US Dollar Index registered a new February high at 103.83 Tuesday, before settling down to close at 103.45 (+0.6% on the week). EURUSD was the worst performer in G7 FX as it fell 0.6% on Friday to close at 1.0679, its lowest level since January 7th.

**US bond yields** rallied strongly throughout the week as traders positioned for an increased chance of a higher peak for Fed interest rates. US 2 year yields rallied 24 bps from the Monday open at 4.28% to 4.52% at the Friday close. While US 10 year yields ended the week up 18 bps at 3.74%, a 6 week high.





### Oil Technical Update:

A constructive week saw strength emerge to break mid-average resistance, which while not a bullish development, points to further upside risks that can approach 81.95/82.64 (mid-point Nov/Dec decline and Jan 18th high). However, this is a strong focus with closing breaks required to open a more sustained retracement towards 84.76 (62% level). However, if breaks below 77.28 (38% retrace) materialise, potential can turn lower to test 75.40 (62% retrace).



**Commodities** had a mixed week as traders tried to work out if recent positive news for the global economy was sustainable if interest rates continue to rise. Oil was the stand out performer rising 2% on Friday (9% on the week) after Russia said it was cutting its production by 500k barrels per day in response to western sanctions. **Can it break to new 2023 highs next week? (Above 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

Monday 13th Feb	Tuesday 14th Feb	Wednesday 15th Feb	Thursday 16th Feb	Friday 17th Feb
Cemex Lattice Semiconductor Invitae <b>Before Market Opens:</b> Michelin  <b>After Market Closes:</b> FirstEnergy SolarEdge IAC	0600 ThyssenKrupp 0600 TUI <b>1200 Marriott Int.</b> <b>Before Market Opens:</b> <b>Coca Cola</b> Exelon <b>After Market Closes:</b> <b>2105 Airbnb</b> Devon Energy TripAdvisor	<b>0700 Barclays</b> <b>1200 Kraft Heinz</b> 1255 Sabre <b>Before Market Opens:</b> Avient Roblox <b>After Market Closes:</b> 2116 AIG Shopify Roku	<b>0615 Nestle</b> 1130 Hasbro Paramount Global <b>Before Market Opens:</b> <b>Hyatt</b> Visteon <b>After Market Closes:</b> 2004 Dropbox 2105 DoorDash Cognex	0600 Allianz 0630 Mercedes-Benz 0700 NatWest <b>Before Market Opens:</b>  <b>After Market Closes:</b>



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 0730 GMT CHF Inflation (CPI).** An important reading for the SNB that meet less regularly than other major central banks. A must see for USDCHF and EURCHF traders.

**2330 GMT AUD Consumer Confidence.** Markets and the RBA will want to know how the Australian consumer is handling higher inflation and interest rates as well as falling house prices.

**Tuesday: Japan announces new BoJ Governor.** Differing news reports on who this would be caused USDJPY to fluctuate wildly at times last week. It seems Kazuo Ueda is now the likely candidate and that may be priced by the markets. **What is not fully known is his stance on monetary policy going forward.**

**0700 GMT GBP Employment Data.** Rising wages and their impact on inflation have been concerning the BoE and influencing their decision on rate hikes, so this report will have a big impact on Gilts and GBP direction at the start of next week.



### USA 30 Wall Street TA Update

Activity since mid-December has been held within a converging consolidation pattern and the question is if this a positive continuation or negative reversal pattern? Current extremes are marked by 34258 (upper trendline) and 33267 (lower trendline) with a closing breakout required to establish next directional risks. Defense of these points will be watched next week, with successful upside breaks opening 35206 (Dec 13th high) or to the downside, triggering a deeper retracement of October/December strength.

**1330 USD Inflation Data (CPI).** This is the release all traders have been waiting for since the better than expected Payrolls surprise 10 days ago. There is every chance markets have a volatile reaction to this report, especially if it is an upside surprise. The Fed have not shifted from their 'higher for longer' mantra on rates and the concern is that the recent fall in US inflation maybe starting to stall. Stocks, FX and commodities will move on this number. **(Above USA 30 Wall Street TA Update).**

**Wednesday: 0015 GMT RBA Governor Lowe Speech.** Following last week's 25 bp hike and hawkish statement, AUD traders will want to know what is coming next.

**0700 GMT GBP Inflation Data (CPI).** Any print around consensus at 10.2% could signal more hikes from the BoE going forward. The question for FX traders is what impact will this have on GBPUSD and EURGBP, especially if further rate hikes could further damage the UK economy. **(Page 4 GBPUSD TA Update).**





#### GBPUSD TA Update:

Having recently failed to breach 1.2446 (Dec 14th high) on a closing basis, further downside has emerged to break immediate supports.

This maintains downside risks over coming sessions with potential to test 1.1841 (Jan 6th low) and if this gives way towards 1.1649 (38% retrace Sep/Jan strength).

To the upside, breaks above 1.2256 (Bollinger mid-average) are required to open scope back to 1.2447 (Jan 23rd high).

**1330 GMT USD Retail Sales.** Markets are concerned higher rates for longer may mean a US recession so this release will be watched closely to see if the US consumer is still spending.

**1400 GMT ECB President Lagarde Speech.** Madame Lagarde has been hawkish in her commentary throughout 2023 so far and is unlikely to change now. However, the EUR has been falling since the rate hike on 2nd February. **Will she say anything that may turn its direction back higher again?**

**Thursday: 0030 GMT AUD Employment Data.** Employment and wages are a serious consideration for the RBA as they decide whether to hike rates further at their next meeting.

**Friday: 0700 GMT GBP Retail Sales.** Expectations are for the UK to be the worst performing economy amongst G7 nations in 2023. The spending dynamic of the UK consumer has a big say in this. A likely GBP mover at the end of a data heavy week.

## Key levels the Corellian mentors are focused on

#### USA 500

##### Support

1st - 4066, Bollinger mid-average  
2nd - 3732, 62% retrace Oct/Nov  
3rd - 3705, November 3rd low trade

##### Resistance

1st - 4208, February high trade  
2nd - 4295, Aug 18th rejection high  
3rd - 4327, Aug 16th failure level

#### US Tech 100

##### Support

1st - 12112, 38% YTD upside  
2nd - 11853, Mid-point same move  
3rd - 11593, Deeper 62% retrace

##### Resistance

1st - 12946, February high trade  
2nd - 13218, August 26th high  
3rd - 13739, August 16th extreme

#### USDJPY

##### Support

1st - 129.81, Last week's low trade  
2nd - 128.08, February monthly low  
3rd - 127.22, January low trade

##### Resistance

1st - 132.89, Last week's high  
2nd - 134.77, January monthly high  
3rd - 136.72, 38% retrace Oct/Jan





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