

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment turned very positive into the end of the week boosted, on Friday, by a lower than expected rise in the Fed's preferred gauge of inflation. The peak stress in markets caused by the recent banking crisis seems to have passed for now, helping stocks to rise steadily, commodities to remain supported, and the dollar to fluctuate at lower levels.

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

Friday data: Fed favoured inflation gauge rises by less than forecast

- **Core PCE Price Index (MoM)** February rose 0.3% versus 0.4% expected.
Core PCE Price Index (YoY) February rose 4.6% versus 4.7% expected.
- This suggests the Fed may be close to ending its current cycle of interest rate hikes.



US Stock indices extended the week's rally into the Friday close as traders reacted positively to the PCE inflation release. Technology stocks again led the move, with the US Tech 100 jumping 1.7% to register a 7 month closing high at 13,307. This also helped the USA 500 to rally 1.5% and close at 4,139 (7 week high). **(Page 4 USA 500 TA Update)**. **In Europe** the Germany 40 finished at 15,804, its highest close since Jan 2022, marking an 8% bounce from its March lows at 14,615 just 2 weeks ago.

The US Dollar Index found some quarter end re-balancing demand which helped it to recover from fresh weekly lows at 101.71 on Friday, to close back at 102.25. Despite this, the dollar continued to lose ground to other G7 peers with GBPUSD reaching a 2 month high at 1.2422, before falling back lower to close at 1.2336 (+0.8% on week), and EURUSD touching its March highs at 1.0925 again, before ending at 1.0845 (+0.8% on week).

US 10 year yields experienced wild swings over the five trading days as investors tried to adjust for recent bank failures and the ever shifting outlook for interest rates. Yields ended Friday at 3.47%, a gain of 10bps on the week, but well off of Wednesday's highs at 3.61%.



Oil TA Update:
Throughout the decline since March 2022, it has been the weekly Bollinger mid-average that has acted as important and strong resistance. With a sharp rally developing from March lows, focus is on 76.57 (latest Bollinger mid-average) with closing breaks needed to trigger a more sustained rally to 82.64 (Jan'23 high). If the supply holds, pressure can build on 70.04 (half latest upside) with closing breaks looking to resume weakness to retest 64.34 (March low).



In commodities, Oil was the stand out performer rising 9% on the week to close at 75.67, driven higher by an on-going supply disruption to Iraqi exports caused by a border dispute and stronger economic data from China. **(Above Oil TA Update).** Elsewhere, Natural Gas registered a new 30 month low at 2.0740 on Friday before rebounding aggressively to close at 2.1660, as traders weighed demand recovery on the back of forecasts for colder weather against healthy supply levels. **(Page 4 Natural Gas Key Levels).**

STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

All times are British Standard Time (BST). Please use the key opposite to adjust to your appropriate time zone.

Key Q4 Earnings next week in table below (Times BST).

| Time Zone Key: | |
|----------------|-------------|
| BST -5 | = New York |
| BST | = London |
| BST +1 | = Frankfurt |
| BST +8 | = Tokyo |
| BST +9 | = Sydney |

| Monday 3rd April | Tuesday 4th April | Wednesday 5th April | Thursday 6th April | Friday 7th April |
|-----------------------------|--------------------------------|---|-------------------------------|-----------------------------|
| 1100 Targa | 1100 Acuity Brands 1130 MSC | 0600 Sodexo 1230 ConAgra Foods Industrivarden | 0600 Gerresheimer 1145 RPM | |
| Before Market Opens: | Before Market Opens: | Before Market Opens: | Before Market Opens: | Before Market Opens: |
| | | | Constellation Brands | |
| After Market Closes: | After Market Closes: | After Market Closes: | After Market Closes: | After Market Closes: |
| | NovaGold Resources | | 2110 Levi Strauss | |

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: OPEC+ Advisory Panel Ministers Meeting. While expectations are for nothing new to come from this meeting it is still an important focus for oil traders to start the week, especially after last week's strong rally. **(Page 2 Oil TA Update).**

0730 BST CHF Inflation Data (CPI). An important release for Swiss Franc traders. With the SNB meeting less frequently than other central banks the path of inflation is important to determine the size of rate hikes required to catch up.

1500 BST USD ISM Manufacturing PMI. With markets about to start a new quarter this release will be the first real test to see whether the recent positive risk sentiment can be maintained. Manufacturing has been under performing in recent surveys, so any improvement could see all markets impacted.

Tuesday: 0530 BST RBA Interest Rate Decision. Economists are split on whether the Australian central bank will finally pause or raise interest rates another 25bps to 3.85% at this meeting. Either way AUDUSD will be volatile over this release after a minor rally to close last week at 0.6685. **(Below AUDUSD TA Update).**



AUDUSD TA Update: Deterioration within both AUD and USD over the last few weeks has resulted in choppy AUDUSD activity, as more balanced themes have developed between 0.6625 support (Mar 24th low) and 0.6758 resistance (Mar 22nd high). A closing breakout is needed to establish next directional themes, with settlements above 0.6758 opening 0.6794 (38% retrace Feb/Mar sell-off) then 0.6864 (higher mid-point) while closes below 0.6625 can trigger 0.6564 (Mar 10th low) retests.

Wednesday: 0300 BST RBNZ Interest Rate Decision. Another decision that is just too close to call after a recent data release showed that New Zealand's economy contracted more than expected in Q4 2022. **Can the central bank continue to be aggressive and raise another 25bps?** Traders aren't as convinced as they were only a few weeks ago increasing the chances for NZDUSD volatility over this event.

0330 BST RBA Governor Lowe Speech. This speech will provide more insight into the interest rate decision from the day before and could contain information that backs up or contradicts any initial AUDUSD move.

1315 BST USD ADP Employment Change. This data is a potential market mover ahead of the Non Farm Payrolls release on Friday. It is the private sector update and markets may react aggressively to any deviations from expectations.



USA 500 TA Update:
Upside themes have continued to emerge, a move that has now breached 4082 (Mar 6th high) which represented the last failure level of Feb/Mar declines. This suggests a more extended recovery is a potential to challenge 4208/17 (Feb 2nd and Aug 26th highs).

To the downside, settlements below 4064 (half last week's range) can trigger a deeper retracement to retest 4027 (38% retrace) even 3996 (Bollinger mid-average).

1500 BST USD ISM Services PMI. Another important update on the strength of the US economy. Services have been leading the charge higher recently so any significant drop will make traders nervous that the US economy is rolling over back towards a potential recession and vice versa. **Stock indices are likely to react to this release.**

Thursday: 1330 BST CAD Employment Data. After the BoC paused its aggressive rate hiking cycle at it's 8th March meeting, this release is an important update for them to decide on their next steps in terms of monetary policy decision making. An important release for all USDCAD traders.

Friday: 1330 BST USD Non Farm Payrolls. Surprisingly this hugely important piece of data is still to be released on the Good Friday bank holiday when liquidity and market participation will be limited. Traders will be watching the unemployment rate closely to see if it is starting to move higher in response to aggressive rate hikes. If it does stocks are likely to react positively hoping that the Fed will be one more step closer to pausing and vice versa. **(Above USA 500 TA Update).**

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.074, Last week's low trade
- 2nd - 2.007, Bollinger lower band
- 3rd - 1.794, September 2020 low

Resistance

- 1st - 2.238, Friday's session high
- 2nd - 2.369, Bollinger mid-average
- 3rd - 2.380, March 24th extreme

US Tech 100:

Support

- 1st - 12985, Half last week's range
- 2nd - 12744, 38% March upside
- 3rd - 12602, Bollinger mid-average

Resistance

- 1st - 13310, Last weeks high trade
- 2nd - 13533, August 18th high
- 3rd - 13739, August 2022 extreme

Germany 40:

Support

- 1st - 15498, Half last week's rally
- 2nd - 15360, 38% March range
- 3rd - 15219, Mid-point same move

Resistance

- 1st - 15844, Bollinger upper band
- 2nd - 16273, 2022 high trade
- 3rd - 16294, Nov'21 rejection level

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