



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment wobbled into the Friday close after traders received news that US lawmakers were struggling to make a deal to prevent a debt default and that US Treasury Secretary Yellen had told the chiefs of large lenders that more bank mergers may be necessary in the future. Stock markets and US bond yields slipped from their highs, while the dollar and commodities remained mixed.

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

Friday news: House Speaker McCarthy puts debt-limit talks on pause as clock ticks down

- **US Debt limit** negotiations hit an impasse Friday as House Speaker McCarthy blamed the White House for resisting spending cuts, casting doubt on efforts in Washington to avert a catastrophic default.
- **Talks resumed** late on Friday after markets closed, and are expected to continue into the weekend. Any progress updates could **significantly impact** the Monday open to markets.



US Stock indices all retreated from fresh multi week highs on the uncertainty created by the news of a 'pause' in debt limit talks. The USA 500 halted a 2 day rally, as a brief move higher to 4,227 turned into a 0.3% fall, to close back at 4,198, still a 1.6% gain on the week. **The Germany 40** was the standout performer amongst European Indices, supported by better than expected earnings and falling energy costs, which boosted the big German industrials. After hitting a new all time high at 16,373, it drifted back lower to finish up 0.8% at 16,332. **(Page 4 Germany 40 TA Update).**

The US Dollar Index had a strong week as it hit a new high at 103.47 on Friday at one point before drifting back to close at 103.05, a 0.5% gain. EURUSD traders continued to reduce weak long positions which led to a brief fall to 2 month lows at 1.0759, before recovering to finish the week at 1.0805, as ECB President Lagarde again talked tough on dealing with stubbornly high inflation with further rate hikes.

US 10 year bond yields ended Friday up 5bps to close at 3.68%, a gain of 21bps from the Monday opening levels at 3.47%, as Bond traders reacted to the threat of a US debt default by pushing up borrowing costs.



Gold TA Update:
Last weeks break and close under 1969 (Apr 18th last correction low) reflects technical deterioration increasing risks for a more extended retracement of February/March strength. This can see tests of 1943 (mid-point Feb/May strength) and, if this gives way, even a move towards 1911 (deeper 62% level).

To the upside, closes above 2002 (38% retrace May sell-off) are required to open a push to 2032 (higher 62% level).



In commodities, Gold had a tough week registering a fresh 7 week low at 1952 as traders cut longs in response to a higher dollar and rising US bond yields. Only a 1% spike higher on Friday afternoon in response to the pause in debt ceiling talks ensured an improved close at 1978. **(Above Gold TA Update).** Elsewhere, Natural Gas ended the week up 14% at 2.59, on supply concerns and production cuts, while Oil bounced 2.6% to close at 71.86 as traders focused on rising demand expectations from Asia later in the year.

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 22nd May	Tuesday 23rd May	Wednesday 24th May	Thursday 25th May	Friday 26th May
	0700 RS Group	1200 Kohl's	0700 United Utilities	Meituan
	1100 Lowe's	Marks & Spencer	1200 Best Buy Co.	ProSiebenSat. 1
	1155 AutoZone	Trip.com Group	1300 Ralph Lauren	
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
Full Truck Alliance	Dick's Sporting Goods	Futu Holdings	Weibo	Booz Allen Hamilton
	Williams-Sonoma	XPeng		
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:
2105 Zoom	2100 Intuit	2120 NVIDIA	2115 Costco	
Nordson	V.F.	Energys	2115 Gap	
HEICO	Agilent Technologies	Snowflake	Autodesk	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0215 BST PBOC Interest Rate Decision. With economic data releases out of China recently showing the recovery is slowing, hopes have been increasing from investors that the government or central bank will add more stimulus to boost growth into the second half of 2023. **Any action from the PBOC could impact local stock markets, commodities, AUD and EUR.**

Tuesday: Global Preliminary PMI Data (AUD, JPY, EUR, GBP and USD). Hugely important releases for central banks and traders. Services activity, such as restaurants and bars etc, have been supporting growth across the major economies, while manufacturing activity struggles in contraction. Any deviation from expectations could have knock on impact across all markets. **(Page 4 Germany 40 TA Update).**

Wednesday: 0300/0400 BST RBNZ Interest Rate Decision and Press Conference. Expectations for another 50bps hike have increased in recent days after the government released a more expansionary than expected budget. The RBNZ have been very aggressive in combatting inflation so far in this cycle so this outcome should be a close call, leading to an increased potential for NZDUSD volatility. **(Below NZDUSD TA Update).**



NZDUSD TA Update:

A broad choppy range continues to build between 0.6084 support (Mar 8th low) and 0.6373/84 resistance (Apr/May monthly highs) with a closing breakout of either side required. However, with last week seeing upside emerge to end above the Bollinger mid-average (0.6245), risks are for upper extreme tests, with closing breaks opening 0.6537 (Feb 2nd high).

To the downside, settlements under 0.6245 (mid-average) suggest 0.6181 (May 13th low) then 0.6084 (Mar 8th extreme).

0700 BST GBP Inflation Data (PPI/CPI). The UK is in a unique position as Brexit has had a major impact on the labour market with on-going wage rises and high inflation, currently 10.1%. The BoE has a very tough job balancing inflation against protecting growth and this release is likely to influence what comes next from the BoE on policy. **Either way this release will impact GBPUSD and EURGBP next week.**

1900 BST FOMC Meeting Minutes. These minutes are always scrutinised for any added messages from the Fed committee members, so there could be some headline risk. However after hearing from Chairman Powell on Friday, traders are becoming more confident again that the next move from the Fed will be a pause.



Germany 40 TA Update:

A strong week saw upside acceleration and new all time highs (16,373), maintaining risks for further extension this week. Bollinger bands widening and the mid-average rising reflect increasing positive volatility, supporting extension of strength with limited setbacks. First resistance stands at 16400 (weekly Bollinger upper band) with breaks opening scope to 16670 (62% Fibonacci extension March correction).

To the downside, breaks below 16139 (38% retrace May strength) suggest deeper corrections towards 16068 (mid-point).

Thursday: 1330 BST USD Preliminary GDP. While the US debt ceiling is front and center of decision making for traders right now, the strength or weakness of the US economy isn't far behind. There could be some headline risk for US stock indices and the dollar from this release.

Friday: 0700 BST GBP Retail Sales. The BoE recently indicated how resilient the UK consumer has been in the face of a cost of living squeeze. Coming on the back of the inflation reading on Wednesday any weakness in this release could be bad news for GBPUSD and vice versa.

1330 BST USD PCE Inflation. This is a big release coming at the end of a busy event week. The PCE Index is the Fed's preferred gauge of inflation and could decide in traders minds whether or not the next move from the US central bank is indeed a pause, as Chairman Powell has implied. **It could be a volatile end to the week as all markets react to this release.**

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.444, 38% May upside
- 2nd - 2.312, Bollinger mid-average
- 3rd - 2.164, May 11th session low

Resistance

- 1st - 2.682, Last week's high
- 2nd - 2.800, March 6th high trade
- 3rd - 3.024, March 5th extreme

EURUSD:

Support

- 1st - 1.0739, 62% retrace Mar/May
- 2nd - 1.0631, March 20th low trade
- 3rd - 1.0516, March monthly low

Resistance

- 1st - 1.0887, 38% May sell-off
- 2nd - 1.0926, Higher mid-point
- 3rd - 1.0944, Bollinger mid-average

US Tech 100:

Support

- 1st - 13526, 38% retrace Apr/May
- 2nd - 13384, Mid-point same move
- 3rd - 13329, Bollinger mid-average

Resistance

- 1st - 13959, Friday's session high
- 2nd - 14296, Apr 20th 2022 high
- 3rd - 14641, April 2022 extreme

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