



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment ended the week in a very positive fashion as markets ignored concerns around the US debt ceiling and an increased chance of another Fed hike in June after US PCE Inflation increased more than expected. It is rare that stocks, US bond yields, the dollar and commodities all move higher together on a day, but that's what happened into the Friday close.

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

Friday data: US inflation and consumer spending accelerated in April

- **Core PCE Index (MoM):** 0.4% versus 0.3% expected.
Core PCE Index (YoY): 4.7% versus 4.6% expected.
Personal Income: 0.4% versus 0.4% expected.
Personal Spending: 0.8% versus 0.4% expected.
- This highlights steady price pressures and demand that could mean a Fed rate hike in June.



US Stock indices all gained Friday. This was driven mainly by technology stocks as the frenzy surrounding artificial intelligence continued to drive sentiment higher, following on from earlier in the week when Nvidia shares spiked 25% in one day on record AI boosted earnings. The US Tech 100 jumped 2.79% to close the week at 14,366, its highest level since April 2022. **(Page 4 US Tech 100 TA Update)**. **European Indices**, which had been having a tough week, followed US markets higher, with the UK 100 closing up 0.75% at 7,643, and the Germany 40 up 1.1% to finish the week at 16,017.

The US Dollar Index closed flat on Friday at 104.11, but was up 1.1% across the week, its third up week in a row, driven higher by demand for US technology stocks and rising US bond yields. USDJPY was the star performer with a 2% gain on the week to close at 140.57, 7 month highs. While AUDUSD was the under achiever dropping 2% to close at 0.6519, hurt by a stalling economic recovery in China, its main trading partner.

US 10 year yields continued their recent upward trend, rising another 13bps across the week to close at 3.81%, their highest level since the middle of March as traders increased their expectations for another 25bps hike from the Fed in June.



Copper TA Update:

While a reactive recovery ended the week, there is no evidence of a positive shift in sentiment, suggesting risks for continuation of the downtrend pattern. This doesn't rule out further attempts at strength initially, but while closes are seen below 3.7603 (Bollinger mid-average) potential is for fresh weakness towards 3.3612 (Oct 31st low) even 3.3028 (Oct 20th extreme). **On the upside**, settlements above 3.7596 are required to trigger continued strength towards 3.8712 (mid-point Apr/May decline).



In commodities, Copper recorded fresh 2023 lows at 3.5442 Wednesday on the back of stalling global demand which forced traders to capitulate on weak long positions. Only a 2.6% rally back to 3.671 on Friday saved it from an even worse close. **(Above Copper TA Update).** Elsewhere Natural Gas's recent upward momentum was reversed as it ran into a wall of profit taking which saw it fall 2.4% Friday to close at 2.414. Oil bounced 1.5% as traders reduced shorts while awaiting the outcome of the next OPEC+ meeting on 3rd/4th June.

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 29th May	Tuesday 30th May	Wednesday 31st May	Thursday 1st June	Friday 2nd June
	Canopy Growth	1100 Donaldson 1145 Capri Holdings	0700 Pennon VMWare Dell Technologies	
Before Market Opens:	Before Market Opens:	Before Market Opens: Chinadata Group	Before Market Opens: Macy's Dollar General	Before Market Opens:
After Market Closes:	After Market Closes: 2105 Amberella Hewlett Packard	After Market Closes: 2101 Okta 2105 Salesforce 2105 CrowdStrike	After Market Closes: 2105 Asana 2108 ChargePoint 2115 Cooper	After Market Closes:

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: Bank holidays in Europe, UK and US. Could be an illiquid start to the week depending on the outcome of US debt ceiling talks over the weekend.

Tuesday: 1500 BST USD Consumer Confidence. While not the most important piece of data out next week, it could set an early tone for general risk sentiment, given that since April confidence has started to fall again due to higher prices and concerns over weaker economic growth.

Wednesday: 0230 BST China Manufacturing and Non Manufacturing PMI. Traders across all markets will be keeping a close watch on this release to give further insight into the strength of global economy. Last month the reading unexpectedly underperformed expectations, falling closer to the 50 reading that separates contraction and expansion of China's economy. Was that an anomaly or the start of a deeper downturn? **(Copper TA Update Page 2).**

0230 BST AUD Monthly CPI. This release is very important for AUDUSD traders as it will influence whether the RBA hike again or pause at their next meeting.



EURUSD TA Update:

Continued deterioration emerged last week, as selling pressure gathered pace to see closes below 1.0739 (62% retrace Mar/Apr upside). This points to risks of a deeper decline towards 1.0516 (March 15th low) possibly further if this gives way.

To the upside, breaks above 1.0855 (38% retrace Apr/May downside) are required to open scope back to 1.0899 (mid-point same move).

1500 BST USD JOLT Job Openings. It's Non Farm Payrolls on Friday so all US labour market data take on added importance. The market is sensitive to this particular release so it could impact stock market sentiment and the dollar.

Thursday: 1000 BST EUR Preliminary Inflation (HICP). A vitally important release for the ECB to focus on as they still have inflation at around 3 times their 2% target. The ECB committee members have continued to talk hawkishly in recent days despite Germany, the EU's industrial powerhouse, falling into recession. Can they continue to keep hiking rates as the market expects? This release will have a big impact on European Indices and EURUSD. **(Above EURUSD TA Update).**

1030 BST ECB President Lagarde Speech. Important as she is likely to be asked to comment on the inflation print released 30 minutes before her speech.



US Tech 100 TA Update:

While last week initially saw corrective themes, it ended with a sharp acceleration to post new recovery highs. This maintains a bullish trending pattern with risks, while trades are seen above 13981 (half last weeks range), to pressure 14367 (62% retrace Nov'21 to Oct'22 decline) where the week ended. This is the focus to start next week, with closing breaks a potential trigger to 15268 (March 2022 high). **To the downside**, breaks below 13981 while not an outright negative, can see retests of 13776 (38% retrace Apr/May strength).

1315 BST USD ADP Employment Change. This is US private sector employment and has moved markets in the past if the release has been significantly above or below expectations, as it is seen as a potential indicator of the Non Farm Payrolls print.

1500 BST ISM Manufacturing PMI. This data is one of the most important forward looking pieces of information traders get on the US economy. Manufacturing activity has slumped across the globe in recent weeks and so all eyes will be on whether or not it continues to trend down in the US, or things are starting to improve again.

Friday: 1330 BST USD Non Farm Payrolls. This is the big release of the week and stock market bulls will be hoping the number is strong enough to show a resilient US economy, but not too strong that the Fed may hike again. With markets now fully pricing in another 25bps hike at the June FOMC any deviation from expectations is likely to create volatility. Traders will be watching the unemployment rate to see if it stays close to record lows or is turning back higher. **(Above US Tech 100 TA Update).**

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.342, Bollinger mid-average
- 2nd - 2.235, 62% May range
- 3rd - 2.146, May 11th session low

Resistance

- 1st - 2.596, Thursday's high
- 2nd - 2.705, May monthly extreme
- 3rd - 2.800, March 6th high trade

Gold:

Support

- 1st - 1937, Last week's low trade
- 2nd - 1911, 62% retrace Feb/May
- 3rd - 1886, March 15th low trade

Resistance

- 1st - 1991, 38% retrace May range
- 2nd - 2008, Mid-point same move
- 3rd - 2025, Higher 62% retrace

Germany 40:

Support

- 1st - 15703, 38% retrace Mar/May
- 2nd - 15501, Mid-point same move
- 3rd - 15292, Deeper 62% retrace

Resistance

- 1st - 16017, Bollinger mid-average
- 2nd - 16286, Bollinger upper band
- 3rd - 16373, New all-time high



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