



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment ended the week in a buoyant mood after some initial uncertainty on receiving the release of the US Non Farm Payrolls report for May which contained some conflicting signals for the Fed to consider. Eventually, traders decided the report provided positive news on the strength of the US economy, alongside enough uncertainty for the Fed to pause rates at its June interest rate meeting.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US labour market sends conflicting signals

- **Non Farm Payrolls (May):**
339k versus 294k expected
Unemployment Rate:
3.7% versus 3.5% expected.
Average Hourly Earnings:
4.3% versus 4.4% expected
- Mixed signals could mean the Fed pause hikes.



US Stock indices performed strongly on Friday, supported by a resolution to the US debt ceiling issue and an increased belief that the Fed pause rate hikes in June. The USA 500 spiked 1.43% to close at 4,288, its highest level since August 2022, while the USA 30 Wall Street jumped 2.16% to 33,820. **European Indices** tracked US markets higher, with the UK 100 rallying 1.6% to 7,626 and the Germany 40 jumping 1.3% to end the week at 16,078. **(Page 4 Germany 40 TA Update).**

The US Dollar Index, which had seen strong selling mid week, recovered well after the payrolls release, jumping from its weekly lows at 103.30, to close up 0.5% at 103.96. AUDUSD had its first positive week since April, closing at 0.6609 (+1.4% on the week), while it was a similar story for GBPUSD which closed at 1.2450 (+0.8% on the week). **(Page 3 AUDUSD TA Update).**

US 10 year yields had a rollercoaster week, pulled immediately lower on the Tuesday open at 3.81% to hit fresh weekly lows at 3.58% on news of a resolution to the US debt ceiling issue, before spiking 10bps after the release of the US employment data on Friday, to close the week back at 3.70%, as traders reassessed what next from the Fed.



Oil TA Update:
Choppy conditions continue to build, with activity held between 63.61 support (May'23 low) and 83.51 resistance (Apr'23 high). While it will likely be a closing breakout from this range that establishes the next sustainable directional move, a resistance focus next week is 75.52 (Bollinger mid-average). **While intact**, downside pressure can build with potential to retest 63.61, possibly on to 61.77 (Aug'21 low) even 54.41 (62% retrace Apr'20 to Mar'22 upside) if this gives way.



In commodities, Oil had another volatile week, initially falling 8% from opening levels at 73.12 to lows at 67.02 on fresh demand concerns, before recovering 6% over the last 2 trading days as traders covered short positions into this weekends OPEC+ meeting. With mixed signals coming from OPEC+ members recently on oil production going forward there could be a big move on the open Monday depending on the meetings outcome. **(Above Oil TA Update)**. Elsewhere, Gold's mid week rally stalled as it dropped from 1,983 to close flat on the week at 1947.

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 5th June	Tuesday 6th June	Wednesday 7th June	Thursday 8th June	Friday 9th June
1145 Ferguson 1200 J.M. Smucker 1200 CIENA	1215 Campbell Soup	1330 Toro FuelCell Energy		
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
	Thor Industries			NIO
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:
2105 Gitlab Sprinklr		Trip.com Group	DocuSign	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0730 BST CHF Inflation Data (CPI). With the Swiss National Bank (SNB) meeting less than its other central bank peers to set interest rates, this release will have an important influence on their decision making at their 22nd June meeting. **One to watch for USDCHF and EURCHF traders.**

1400 BST ECB President Lagarde Speech to European Parliament. President Lagarde has been talking tough on needing to hike interest rates to bring inflation back to target recently but politicians will be concerned about slowing growth in Germany. **What she says could have a big impact on EURUSD next week.**

1500 BST USD ISM Services PMI. The expansion in US service sector activity has been driving growth in 2023, while manufacturing activity labours in contraction. US Stock market bulls will be hoping this release shows further positive growth signs, which could support the stock rally further. Of course, any downside surprises could damage sentiment.

Tuesday: 0530 BST RBA Interest Rate Decision. After last month's surprise 25bps hike, uncertainty over what the RBA will do at this meeting is rife. Initial thoughts were for a pause but after a stronger than expected inflation report last week traders are not so sure. AUDUSD had a strong rally last week and this event could determine whether it stops or extends further. **(Below AUDUSD TA Update).**



AUDUSD TA Update:

While Wednesday did see new correction lows posted, these were rejected, prompting a sharp rally and successful closing breaks above 0.6601 (Bollinger mid-average). This opens scope for further recovery towards 0.6641 (mid-point May declines) even 0.6683 (higher 62% level). **A support focus this week is 0.6573 (38% retrace last week's rally) with only closing breaks of this suggesting upside failure and resumption of declines to 0.6528 (62% level) then 0.6458 (May 31st low)**

Wednesday: 0020 BST RBA Governor Lowe Speech. Traders will get more details on the reasons behind the RBA interest rate decision from the day before and will get to hear how Governor Lowe views the outlook for the Australian economy.

0400 BST China Imports, Exports and Trade Balance. Economic updates from China are taking on more and more significance for local and European stock indices, and for global commodities. Both imports and exports will be important for traders to get a handle on the strength of domestic and global demand. **(Page 2 Oil TA Update, Page 4 Germany 40 TA Update).**



Germany 40 TA Update:

While corrective themes emerged as May highs were rejected, downside was held by 15705 (38% retrace Mar/May upside) from which a bounce developed. With settlements now seen above Bollinger mid-average, this shifts focus back to 16110 (May 29th high) with closing breaks suggesting continued strength to 16374 (May 19th extreme). **To the downside**, moves below 15879 (half last week's rally) can see a more extended decline, although 15705 remains the important support.

1500 BST BoC Interest Rate Decision. Concerns over persistent inflation in parts of the Canadian economy, such as housing, are dominating the thoughts of the BoC going into this meeting. They have said previously that they are likely to pause again but it could be a close call. **USDCAD should be volatile throughout this event.**

Thursday: 1000 BST EUR Gross Domestic Product (GDP). Weakness in the economies of Germany and France, the prominent European countries, have started to peak the interest of traders and weigh on EURUSD, so this release could well produce some market moving headlines. **(Above Germany 40 TA Update).**

Friday: 0230 BST China Inflation Data (PPI/CPI). With domestic demand weakening calls have been growing for more central bank and government stimulus to re-energise the Chinese economy. This data could well influence that decision.

1330 BST CAD Employment Data. While potentially less significant due to the BoC decision on Wednesday, it could still move USDCAD depending on how far it deviates from expectations.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.134, Last week's low trade
- 2nd - 2.030, May monthly extreme
- 3rd - 1.944, April 16th session low

Resistance

- 1st - 2.280, Thursday's session high
- 2nd - 2.356, 38% retracement
- 3rd - 2.422, Mid-point same move

Gold:

Support

- 1st - 1932, Last week's low trade
- 2nd - 1909, 62% retracement
- 3rd - 1886, March 15th low trade

Resistance

- 1st - 1981, Bollinger mid-average
- 2nd - 2006, Mid-point May sell-off
- 3rd - 2024, Higher 62% retrace

EURUSD:

Support

- 1st - 1.0706, Half last week's recovery
- 2nd - 1.0635, Last week's low trade
- 3rd - 1.0516, March monthly extreme

Resistance

- 1st - 1.0784, Bollinger mid-average
- 2nd - 1.0811, 38% retrace May sell-off
- 3rd - 1.0864, Mid-point same move

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