

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment ended the week with a cautious tone as traders looked ahead to the important central bank meetings next week from the Fed, ECB and BoJ. Stock indices in the US made small gains but European indices fell slightly, bond yields and commodities slipped lower, while the dollar remained flat at the base of the weeks range.

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

Friday data: China's inflation remained close to zero in May

- **CPI (MoM) for May:** -0.2% versus -0.1% expected
CPI (YoY): 0.2% versus 0.3% expected
PPI (YoY): -4.6% versus -4.3% expected
- Further evidence that growth in the world's second largest economy slowed further in May prompting calls for more central bank support.



US Stock indices ended the week with only minor gains as traders banked profits from the recent up move ahead of the Fed interest rate decision next week. The US Tech 100 briefly made a 1 year high at 14,865 before slipping back to close up 0.44% at 14,743, helped by rises in Tesla, Netflix and Adobe shares. **(Page 3 US Tech 100 TA Update)**. **The major European indices** struggled on Friday, with the UK 100 dropping 0.4% to 7,578 and the Germany 40 falling 0.2% to 15,974, both hurt by falling energy and industrial stocks.

The US Dollar Index underperformed across the week, falling from highs at 104.34 to close at 103.51. AUDUSD spiked 2% to finish at 0.6739 boosted by a surprise Tuesday 25bps rate hike from the RBA, while GBPUSD bounced 1.1% to 1.2577, and EURUSD rose 0.4% to end the week at 1.0744 as traders awaited the result of next Thursday's ECB meeting announcement. **(Page 4 EURUSD TA Update)**.

US 10 year bond yields dropped from Thursday's highs at 3.82% to close at 3.74% on Friday, a rise of 4bps across the week, as traders became more confident in a pause from the Fed next week after receiving a weaker US employment report update.



Gold TA Update:

A consistent support has been 1943 (mid-point Feb 28th/May 4th strength) a level that with the help of USD selling pressure, has seen a bounce. Tests of 1965 (Bollinger mid-average) are now materialising with closing breaks a further constructive development to challenge 1989 (38% retrace May decline and last failure high) and on to 2025 (higher 62% retrace) if this gives way. **To the downside**, closes below 1943, suggest downside resumption towards 1910 (deeper 62% retracement).



In commodities, Gold (+0.7% on the week) and Silver (+2.8% on the week) outperformed, helped by a lower dollar and increased hopes of a Fed rate hike pause next Wednesday. **(Above Gold TA Update)**. Elsewhere Copper managed a weekly gain of 1% to close at 3.7720, although it had been as high as 3.8318, while Oil failed to hold on to its gains from the Monday gap open higher at 75.02, dropping back to close at 70.31 as concerns over future demand continue to worry traders.

**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 12th June	Tuesday 13th June	Wednesday 14th June	Thursday 15th June	Friday 16th June
	0700 Ashtead Colruyt		Halma	
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
			The Kroger Co. Jabil Circuit	
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:
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KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0130 BST AUD Consumer Confidence. With the RBA hiking only last Tuesday it maybe too soon for the impact to be felt in this release, however AUDUSD traders will take note of any deviation from expectations to impact prices.

0700 BST GBP Employment Data. This release will have a big impact on BoE decision making at their next interest rate meeting as its been a key factor in driving inflation higher. After GBPUSD's strong rally last week this data is likely to create further volatility going forward.

1330 BST USD Inflation Data (CPI). This is a huge release for the Fed ahead of their meeting the very next day. Markets are hoping the central bank's recent aggressive interest rate hikes have done enough to see inflation continuing to trend lower, however, any information that doesn't back this up is likely to cause a volatile reaction across all markets. **(Below US Tech 100 TA Update).**

1500 BST BoE Governor Bailey speech. With the BoE still struggling to contain inflation any further insights on 'what next' on policy from its Governor are likely to move FX markets.



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 14573 is intact (half latest upside), to pressure 15268 (March 2022 highs) possibly higher if this gives way.

To the downside, while breaks below 14573 aren't viewed as an outright negative development, they can see a deeper sell-off to test 14256 (Thursday's session low).

Wednesday: 1900/1930 BST FOMC Interest Rate Decision and Press Conference. Traders globally are eagerly anticipating this meeting, and market pricing suggests a skip or hold at this followed by a further 25bps hike in July. However, the Fed may want to communicate something different and that makes what Chairman Powell says in the press conference equally important. This could set the tone for markets for some time and has implications for all assets.

Thursday: 0230/0300 BST China House Price Index, Industrial Production and Retail Sales. These releases are good indicators of the health of the Chinese and global economy and will likely impact commodity prices as well as general risk sentiment depending on the updates. **(Page 4 Oil Key Levels Update).**



EURUSD TA Update:

Thursday's close above Bollinger mid-average resistance was the first during the latest price declines, highlighting a possible improving backdrop. Potential appears for a more extended retracement of weakness, with moves towards 1.0813 (38% level) even if this gives way, to 1.0866 (higher mid-point).

It will be closing breaks back under 1.0741 (Bollinger mid-average) that suggests a deeper decline towards 1.0635 (May 31st low).

1315/1345 BST ECB Interest Rate Decision and Press Conference. This is a big meeting for the direction of EURUSD in the days ahead, given that the Fed decision is the day before. Markets are expecting another 25bps hike from the ECB, but are also anticipating indications from ECB President Lagarde that more hikes are on the way at future meetings. However, there is some uncertainty about how aggressive the central bank will be with Germany and the EU economy in recession. **(Above EURUSD TA Update).**

Friday: 0400/0700 BST BoJ Interest Rate Decision and Press Conference. Since Governor Ueda took control at the BoJ in April, traders have been anticipating when he may make a shift away from the central bank's current ultra loose monetary policy. Expectations are that this meeting is will maintain the current status quo, but the BoJ do have a history of shocking markets, so traders will be on high alert for any policy changes which could dramatically impact USDJPY prices. **(Below Key USDJPY Levels update).**

Key levels the Corellian mentors are focused on

USDJPY:

Support

- 1st - 138.43, June 1st low trade
- 2nd - 137.86, Bollinger lower band
- 3rd - 136.63, 38% retrace Mar/May

Resistance

- 1st - 140.45, Last week's high trade
- 2nd - 140.91, May monthly extreme
- 3rd - 142.25, November 21st high

Oil:

Support

- 1st - 69.02, Last week's low trade
- 2nd - 67.02, May 31st recovery level
- 3rd - 63.61, May 4th extreme

Resistance

- 1st - 71.60, Bollinger mid-average
- 2nd - 75.02, Last Monday's high
- 3rd - 75.96, 62% retrace Apr/May

Germany 40:

Support

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

Resistance

- 1st - 16134, Last week's high
- 2nd - 16293, Bollinger upper band
- 3rd - 16373, May 19th all-time high

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