

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment, which had been strong going into Friday, cooled off slightly into the weekly close as traders took some risk off the table going into the long weekend in the US. US stock indices pulled back from fresh highs, while European markets parried gains. The dollar found some fresh support and commodities rallied.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday Event: Bank of Japan holds monetary policy unchanged

- **BoJ Interest Rate Decision:** Unchanged at -0.1%.
- Governor Ueda stuck to his dovish tone in the post decision press conference.
- The BoJ decision to stick with ultra low rates sent the yen lower against all G10 currencies.



US Stock indices all registered small losses on Friday. The USA 500 fell 0.4% to close at 4,460, halting a six day winning streak. It had traded as high as 4,493 (Fresh 2023 High) earlier in the session but couldn't sustain the move, as falls in Microsoft and Apple stocks weighed on the index. **(Page 3 USA 500 TA Update)**. **European Indices** fared slightly better with the Germany 40 up 0.3% at 16,472, and the France 40 +1.1% at 7,381.

The US Dollar Index halted a 5 day losing streak on Friday, closing up 0.2%, at 101.85, as traders took some profits on an overall weekly fall of 1.3%. USDJPY helped support the gains as it spiked 1.1% on Friday to close at 141.84, boosted by the decision from the Bank of Japan to leave monetary policy unchanged.

US 10 Year Yields had a quiet week trading between 3.70% and 3.84%, before settling at 3.77% at the Friday close, a rally of 3bps across the week. Traders are still concerned what the hawkish approach to subduing inflation from the Fed may mean for US economic growth going forward.



Natural Gas TA Update:

Choppy sideways activity continues to build, as support has developed this month above 2.030 (May 7th low). However, even though closes above Bollinger mid-average (2.386) developed last week, focus is on 2.705 (May 22nd high and range upper extremes).

Confirmation of longer term themes will only be seen on closes below 1.944 (Apr 16th low) or 2.705, to trigger a sustained move in the direction of the break.



In commodities, Natural Gas had a strong week, gaining 14% to close at 2.6160 as traders pushed prices higher on weaker storage numbers, hotter weather and news of production issues at some key European processing plants. **(Above Natural Gas TA Update)**. Elsewhere Copper closed at 3.8810 (+3% on week), and Oil closed at 71.67 (+2% on week), both higher, supported by a weaker dollar and improved risk sentiment. Gold ended flat at 1958 (-0.2% on week).

**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 19th June	Tuesday 20th June	Wednesday 21st June	Thursday 22nd June	Friday 23rd June
		0700 Berkeley Group	0700 DS Smith 1144 Accenture 1200 Factset Research	1150 CarMax
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
After Market Closes:	After Market Closes: FedEx	After Market Closes:	After Market Closes:	After Market Closes:



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0215 BST PBOC Interest Rate Decision. The mounting evidence of a downturn in the Chinese economy has already prompted more stimulus from the government. The Chinese central bank cut the borrowing rates on its 1 year loans last week, so any change at this meeting would be a further shock.

0230 BST RBA Meeting Minutes. After surprising with 25bps hikes at the last two policy meetings, traders will be focused on this release to see what the chances are of a third hike in July. With AUDUSD rising 2% last week to close at 0.6870, this update will likely have an impact on whether there is more upside to come.

Wednesday: 0700 GBP Inflation Data (PPI/CPI). After last week's UK employment report flagged higher than expected wage data and sent GBPUSD to 12 month highs above 1.28, this release is a crucial piece of information for the BoE ahead of the interest rate decision on Thursday.

1500 BST Fed Chairman Powell Testimony to Congress (Wed/Thurs). Traders will be watching to see if Powell wants to address any misunderstandings from his post FOMC decision press conference last week. If he does, any comments could have a big impact on stock indices and the dollar. **(Below USA 500 TA Update).**



USA 500 Weekly TA Update: Having seen positive themes materialise since October 2022 lows, last week accelerated strength, a move that breached August 2022 highs (4327) and 62% retracement resistance. This maintains scope for extension of the advance towards 4631 (March 2022 high) possibly further.

To the downside, focus is on 4423 (half last week's range) as breaks can see a deeper decline to 4330 (38% retrace Apr/June 2023 strength).

Thursday: 0830/0900 BST SNB Interest Rate Decision and Press Conference. Markets are only pricing another 25bps hike from the SNB but it could be a close call on 50bps, after SNB Chairman Jordan said recently there was more to do to tame inflation. **An important meeting for Swiss franc traders.**

1200 BST BoE Interest Rate Decision. GBPUSD rallied strongly last week in anticipation of more rate hikes than initially expected from the BoE over the next 9 months. With the highest inflation reading across all G7 nations, and the 2nd weakest economy, concerns are mounting as to how many more hikes households and businesses can withstand. A big meeting for GBP traders. **(Page 4 GBPUSD TA Update).**



GBPUSD TA Update:

Last week's USD deterioration saw upside acceleration in cable, a move that breached 1.2766 (62% retrace May'21/Sep'22 sell-off). While a short term reaction is possible from current upside extremes, evidence points to this as limited before fresh strength could emerge towards 1.3147 (Apr'22 bounce failure high).

To the downside, only breaks below 1.2712 (38% retrace last week's advance) suggest a more extended decline towards 1.2626 (deeper 62% level).

Friday: AUD, JPY, EUR, GBP, USD Preliminary PMI Data. These are important releases as central banks remain hawkish and traders worry about the knock on impacts of rate hikes on economic growth. Manufacturing has been languishing in recession (Below 50) for several months now, while service activity has been driving growth. **Will this continue to be the case?** Any fall in services may mean an increased chance of a global recession, while continued strength could mean inflation may stay elevated, suggesting interest rates stay higher for longer. **Big data for global stock, FX and commodity markets.**

0030 BST JPY Inflation Data (CPI). After no change from the BoJ on Friday, traders will be watching this release closely for any signs that may indicate the BoJ may act on policy at their next two meetings. **A big release for USDJPY and Japan 225 traders.**

0700 BST GBP Retail Sales. UK consumers are already spending more but receiving less, and this release will indicate whether they are continuing to spend to help support the economy or whether higher inflation is eroding confidence.

Key levels the Corellian mentors are focused on

US Tech 100:

Support

- 1st - 15016, 38% June upside
- 2nd - 14873, Mid-point same move
- 3rd - 14730, 62% retracement

Resistance

- 1st - 15474, Last week's high
- 2nd - 16008, January'22 high
- 3rd - 16655, December'21 high

Oil:

Support

- 1st - 69.47, Half last week's rally
- 2nd - 66.78, Last week's low trade
- 3rd - 64.34, March monthly low

Resistance

- 1st - 72.00, Last week's high
- 2nd - 73.26, June 8th high
- 3rd - 75.02, June monthly high

Gold:

Support

- 1st - 1956, Bollinger mid-average
- 2nd - 1924, Last week's low trade
- 3rd - 1910, 62% Feb/May upside

Resistance

- 1st - 1983, June 1st bounce failure
- 2nd - 2079, May rejection level
- 3rd - 2113, 100% Fib extension

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