

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment fell at the end of a busy week that saw surprise 50bps interest rate hikes from the Bank of England and Norges Bank (Norway), and further hawkish commentary from Fed Chairman Powell and ECB President Lagarde. Fears are growing that global growth will not be able to withstand this fresh 'hiking' onslaught. Stock indices, bond yields and commodities fell and the dollar bounced.

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

Friday data: Euro-Zone activity almost stalls in June as recession rebound fades

- **Preliminary EU PMI Data for June:**
(Above 50 = expansion, Below 50 = contraction)
- **Manufacturing:** 43.6 versus 44.8 expected
- **Services:** 52.4 versus 54.5 expected
- **Composite (Combined):** 50.3 versus 52.5 expected

Fears increase that the European economy is struggling to maintain positive momentum.



US Stock indices all fell into the Friday close to confirm their worst weekly performance since March. The USA 500 fell 0.8% to close at 4,388 and the US Tech 100 dropped 1.1% to 15,054, as traders took profit on some of the big technology companies who have had such a strong run recently. **In Europe**, the weak PMI data weighed on all indices with the Germany 40 falling 0.9% to close at 15,953 (-3% on the week). **(Page 3 Germany 40 TA Update).**

The US Dollar Index gained 0.5% on Friday to close at 102.52 supported by a reaffirmation of the Fed's determination to control inflation with potentially more interest rate hikes from Fed Chairman Powell. AUDUSD was the week's worst performer in G10 FX, falling 3%, to end the week at 0.6680 on lower commodity prices and the RBA minutes suggesting the Australian central bank may have finished hiking for now.

US 10 Year Bond Yields had another surprisingly quiet week, fluctuating between a high at 3.82% and a low at 3.70% before settling down to close at 3.74%, a fall of 3bps on the week. 10 year yields remain suppressed as traders' conviction for a potential US and global recession have started to increase again.



Gold TA Update:
Prices broke and closed below the 1932 level which had been acting as support last week, prompting further downside pressure, but held at 1910 (62% fibo of Feb/May upside). This level remains the focus at the start of next week. Daily closes below here open up the potential for further selling towards 1885 (March 15th low), even 1805 (Feb 28th low).

To the topside, the first resistance sits at 1938 (Friday's high), but stronger resistance sits at 1950 (bollinger mid average).



In general commodities had a poor close. Gold (1920, -2% on week) and Silver (22.40, -7.5% on week) both came under pressure as traders cut weak longs in the face of hawkish central bank commentary and a higher dollar. **(Above Gold TA Update).** Oil fell 3% across the week to close at 69.52, while Copper dropped 2.5% to end back at 3.8070, both driven lower by increased concerns over future demand if global growth weakens further as highlighted by the falling PMI releases.

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 26th June 1415 Carnival	Tuesday 27th June 1200 Walgreens	Wednesday 28th June 1200 General Mills National Beverage	Thursday 29th June 1100 Acuity Brands 1130 MSC 1330 Paychex	Friday 30th June 1230 Constellation Brands
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
After Market Closes:	After Market Closes: Jefferies Financial NovaGold Resources	After Market Closes: 2102 Micron 2205 Blackberry	After Market Closes: 2115 Nike	After Market Closes:

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1830 BST ECB President Lagarde Speech. Madame Lagarde could hardly be more hawkish in her comments on subduing inflation with further ECB hikes than she has been recently, however despite that, what she says could impact nervous markets that are concerned the EU economy is starting to weaken. She also speaks on Tuesday and Wednesday. **(Below Germany 40 TA Update).**

Tuesday: 1330 BST CAD Inflation Data (CPI). This is a critical piece of information for the Bank of Canada who surprised markets with a rate hike at their last meeting. This release is likely to impact USDCAD prices next week.

1500 BST USD Consumer Confidence. After slipping last month to 6 month lows, expectations are for this number to pop back higher. If it doesn't then markets may take this negatively as consumer spending may start to decrease, slowing US growth, and vice versa.

Wednesday: 0230 BST AUD Inflation Data (CPI). AUDUSD sold off aggressively last week as traders read the RBA minutes to mean they are likely to pause at their next meeting in July. This release could support or back up that theory.



Germany 40 TA Update:

Prices fell below the bollinger mid average (16102) on Thursday last week which led to an acceleration to a low at 15855 on Friday. The close below the mid average suggests further weakness could be possible at the start of next week, where the first support is 15823 (38% fibo of March/June upside), falls below here open up potential to 16480 (June 1st low). **To the upside**, closes back above 16102 (bollinger mid average) are required to negate any downside potential and resume the recent uptrend.

1430 BST Fed Chairman Powell Speech. While he is not expected to say anything new after his testimony last week, traders are still very sensitive to anything he says on interest rates or inflation, so there are chances for market moving headlines.

2130 BST USD Bank Stress Test Info. US banks came under selling pressure last week due to fresh regulatory headwinds that are expected to hit in the next few months. While banks are expected to pass these stringent tests, any negative surprises could increase stock market volatility.

Thursday: 1330 BST USD GDP. After weaker than expected US PMI data last Friday, traders are on red alert for any updates on the path of growth in the US economy. This release could generate some market moving headlines.



USDJPY TA Update:

Last week the acceleration higher in USDJPY prices took out the 21st November 2022 highs at 142.25 on its way to registering a fresh 2023 print at 143.87. While some pullback is possible next week, this up move is constructive for tests of higher levels towards 146.58 (2nd BoJ intervention level Nov 22).

To the downside the first support is at 141.20 (June 20th low), with a stronger support at the bollinger mid average at 140.58.

Friday: 0030 BST Tokyo Inflation Data (CPI). With USDJPY closing at fresh 2023 highs last week, traders will be watching this release to see if higher inflation in Tokyo could preempt a higher national release, which could mean a change in policy from the BoJ at some stage in the near future. **(Above USDJPY TA Update).**

0200 BST China Manufacturing and Non Manufacturing PMI. Traders are desperate for some good news on the Chinese economy again, or to receive a more substantial government stimulus package to boost growth. It likely commodities and local stock markets will react to this release. **(Gold TA Update Page 2).**

1000 BST EUR Preliminary Inflation (HICP). EUR Traders are beginning to doubt the ability of the ECB to deliver all the hikes that are currently priced in. This release could clear up whether or not the ECB will need to be as aggressive as currently is expected.

1330 BST USD PCE Inflation. If inflation remains 'sticky' at current levels it could influence future hikes and push up the dollar and weigh on stocks or vice versa.

Key levels the Corellian mentors are focused on

Natural Gas: Support

1st - 2.705, 22nd May high
2nd - 2.595, 38% retrace
3rd - 2.403, Bollinger mid-average

Resistance

1st - 3.0240 3rd March high
2nd - 3.297 24th Jan extreme
3rd - 3.932 38% Dec sell off

Oil: Support

1st - 67.44 Bollinger lower band
2nd - 66.78 12th June extreme
3rd - 63.61 4th May low

Resistance

1st - 70.55 Bollinger mid-average
2nd - 72.68 Last week's high
3rd - 73.26, 8th June extreme

US Tech 100: Support

1st - 14964, Last week's low trade
2nd - 14827, Bollinger mid-average
3rd - 14256, 8th June low

Resistance

1st - 15473, Last week's high trade
2nd - 16008, 11th Jan 22 high
3rd - 16765, Dec 21 high

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