

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained subdued into the Friday close after traders received the release of a mixed Non Farm Payrolls report which showed US jobs growth slowed but probably still remains too strong for the Fed, who will likely hike 25bps again on 26th July. Stocks and bond yields fluctuated, while the dollar fell and commodities rose.

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

Friday data: US payrolls for June shows a resilient jobs market

- **Non Farm Payrolls (June):**
+209k versus +225k expected
- **Unemployment Rate:**
3.6% versus 3.6% expected
- **Average Hourly Earnings:**
4.4% versus 4.2% expected
- Higher wage growth could keep the Fed focused on another hike in July



US Stock indices, fell Friday ensuring a negative week overall as traders reduced long positions as their expectations for further Fed hikes increased. The USA 500 dropped 0.2% to 4,438 (-1% on week), while the US Tech 100 dropped 0.3% to 15,192 (-0.7% on week) and the USA 30 Wall Street sagged 0.5% to 33,965 (-1.8% on week). **European Indices** fared even worse over the 5 trading days, with the UK 100 falling 3.6%, to 3 month lows at 7260, and the Germany 40 dropping -3.3% on the week to 15,730. **(Page 3 Germany 40 TA Update).**

The US Dollar Index dropped 1% to close at 101.92 on Friday as FX traders focused on signs the US labour market maybe cooling as rising interest rates gradually weaken the economy. GBPUSD was the biggest beneficiary as it rose 1% to register a high for 2023 at 1.2849, before settling back to close at 1.2830.

US 10 year yields rose steadily across the week as traders took comfort in more robust US economic data than expected, which boosted chances for a softer landing for the economy than was hoped for only days ago. After opening at 3.84% on Monday, they touched a high of 4.08% before closing at 4.06%, a gain of 22bps.



Natural Gas TA Update:

Latest attempts at the upside failed below 3.024 (Mar 5th high) and a setback materialised last week. This decline has seen closes below 2.626 (Bollinger mid-average) reflecting potential for price failure and risk of a deeper sell-off. Next support is 2.455 (62% retrace June upside) and if this gives way towards 2.137 (Jun 4th low).

To the upside, breaks of 2.824 (July 2nd high) are required to resume scope towards 2.932 (Jun 26th high) even back to 3.024.



In commodities, Natural Gas fell for the second week in a row as rising inventories and weaker demand hurt sentiment, leading to a 6% fall across the week to end at 2.56. **(Above Natural Gas TA Update)**. Oil notched up a 4.6% gain on the week to close at 73.67, boosted by reports that US stockpiles fell as OPEC+ leaders, Saudi Arabia and Russia tightened supplies. Gold (1925,+0.3%), Silver (23.10, +1.3%) and Copper (3.7820, +0.5%) all registered small weekly gains helped by a weaker dollar.

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 10th July	Tuesday 11th July	Wednesday 12th July	Thursday 13th July	Friday 14th July
			1100 PepsiCo 1130 Delta Airlines 1200 Fastenal	1145 JP Morgan 1200 Wells Fargo 1300 Citigroup
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens: Cintas	Before Market Opens: Blackrock UnitedHealth
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0230 BST China Inflation Data (PPI/CPI). Things continue to look bleak on the economic front for China and this release is expected to show more deflationary pressure at factories and retailers. With hopes of bigger stimulus measures fading fast this release could have a big impact on local stocks, AUD, EUR and even European Indices, which are dependent on China for exports. **(Below Germany 40 TA Update).**

2000 BST BoE Governor Bailey Speech. He sparked a big surge in UK bond yields last week, which pushed GBPUSD to fresh highs above 1.28 by suggesting UK interest rates may have to continue rising further to combat inflation. Traders will be watching closely to see if he reiterates these comments or tries to walk them back. Either way what he says is likely to have a big impact on GBP next week.

Tuesday: 0700 BST GBP Employment Data. This is a big release for the BoE and for FX traders. The focus will be on how fast wages are rising and how tight the UK labour market actually still is.



Germany 40 TA Update:

Last week saw clear deterioration as selling pressure emerged for closing breaks under 15649 (May 31st low) which represented the last downside extreme of the uptrend. Risks are for a deeper retracement move, suggesting 15505 tests (38% retrace Dec/Jun upside) and if this gives way, on to 15178 (mid-point).

First resistance is marked by 15950 (half July weakness) with closing breaks needed to open 16133 (Bollinger mid-average) even 16329 (July 3rd high).

Wednesday: 0300 BST RBNZ Interest Rate Decision. The RBNZ were early and aggressive in hiking rates to fight inflation but are now facing the consequences as the New Zealand economy has fallen into recession. They are very likely to pause at this meeting but what they say in the statement will have an important impact on the direction of NZDUSD prices next week.

1330 BST USD Inflation Data (CPI). This is a big release for traders across all financial markets as inflation would need to have fallen substantially to stop another Fed 25bps hike at the July meeting.

1500/1600 BST BoC Interest Rate Decision and Press Conference. The BoC are another central bank that doesn't know what to do next on rates. After stronger employment data on Friday, expectations have risen for another 25bps hike, so there is room for a shock. **(Page 4 USDCAD TA Update).**



USDCAD TA Update:

Last week's upside failed at 1.3386 (mid-point May/Jun sell-off) from which a rejection was seen, confirming this as important resistance next week. However, the week ended under 1.3286 (38% retrace latest upside) reflecting deterioration and potential for a deeper decline to 1.3222 (62% level) even 1.3116 (Jun 27th low).

To the upside, it will be closing breaks of 1.3386 that are required to trigger further strength to challenge 1.3449 (higher 62% level).

Thursday: 0400 BST China Imports, Exports and Trade Balance. Traders will be focused on the exports numbers to gauge the strength of global demand and the health of the global economy. This release is likely to influence general risk sentiment and commodity markets.

Friday: JP Morgan, Wells Fargo and Citigroup Q2 2023 Earnings releases (See page 2 for Times). While the US Q2 earnings season starts on Thursday with Pepsi and Delta Airlines, the focus for stock traders next week will be on the performance of the big US banks. Expectations aren't high as deal making and trading revenue is expected to have declined at a time when lending conditions have tightened and bad debt provisions are expected to have increased. What the CEO's say on future earnings and their views on corporate and consumer defaults as well as the relative strength of the US economy going forward will also be critical for the direction of indices and the dollar next week.

Key levels the Corellian mentors are focused on

US Tech 100:

Support

1st - 15191, Bollinger mid-average
2nd - 14853, June 26th session low
3rd - 14466, 38% Apr/Jun upside

Resistance

1st - 15430, Last week's high
2nd - 15474, June monthly extreme
3rd - 16008, Mid-January'22 high

Oil:

Support

1st - 70.33, Bollinger mid-average
2nd - 69.68, 62% latest upside
3rd - 67.04, June monthly extreme

Resistance

1st - 73.90, Last week's high trade
2nd - 75.02, June monthly high
3rd - 75.96, 62% Apr/May sell-off

EURUSD:

Support

1st - 1.0904, 50% recovery level
2nd - 1.0833, Last week's low trade
3rd - 1.0781, 62% retrace May/June

Resistance

1st - 1.0977, June 27th session high
2nd - 1.1011, June monthly high
3rd - 1.1095, April upside extreme

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