



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment ended the week in a buoyant mood despite stronger than expected US Preliminary Michigan Consumer Sentiment data on Friday which brought a reality check to the euphoria that had spread across markets after Wednesday's lower than expected US CPI release. Stocks erased gains and ended the day flat, bond yields rose from lows and the dollar stabilised after a heavy fall.

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

Friday data: US consumer sentiment near two year high

- **Preliminary Michigan Consumer Sentiment (July):**
72.6 versus 65.5 expected.
Highest since September 2021.
- **1 year inflation expectations:**
3.4% versus 3.3% expected.
- Stronger sentiment could potentially force the Fed to keep rates higher for longer.



US Stock indices all closed relatively flat on Friday after the stronger Michigan sentiment data (**above**) but still managed strong gains across the week. The US Tech 100 pulled back from fresh 2023 early Friday morning highs at 15,855 to close at 15,692, but still registered a weekly gain of 3.4%. (**Page 3 US Tech 100 TA Update**). **European indices** mirrored the US markets, all drifting back from their weekly highs on Friday. The Germany 40 closed down 0.5% at 16,177, but still managed a strong weekly gain of 2.8%.

The US Dollar Index had a poor week, falling 2.3% to 99.65, its lowest level since April 2022, as traders sold dollars on hopes the Fed may end their current hiking cycle at either the July or September meetings after receiving Wednesday's lower US CPI update. GBPUSD performed strongly again, rising 2% over the 5 trading days to close at 1.3093, its highest closing level since April 2022. (**Page 4 GBPUSD TA Update**).

US 10 Year Yields fell from highs at 4.09%, on Monday, to lows at 3.76% on Thursday, as traders readjusted their expectations for US rate hikes after the weaker US CPI release but then recovered some ground on Friday to close at 3.83% after the Michigan sentiment release muddled the waters of what next from the Fed.



Oil Weekly TA Update:

Recent focus within the weekly perspective has been Bollinger mid-average resistance, a level that gave way at Friday's close. With this starting next week at 73.71, it is the support focus and while intact potential is for development of strength to challenge 83.51 (Apr'23 high) even on to 89.41 (38% retrace) if this gives way.

Falls below 73.71 suggest upside failure and downside towards 63.61 (May'23 low).



In commodities, Oil managed to rally 2% on the week to close at 75.22 as supply disruptions in Africa and a reduction in Russian shipments tightened the market. **(Above Oil TA Update).** Natural Gas fell 1.2% on the week to close at 2.544 but pulled back from further losses down at 2.49 late Friday as a report showed US energy firms cut the number of rigs operating for the 10th time in 11 weeks, potentially reducing supplies in coming months. Elsewhere, a weaker dollar helped gold bounce 1.6% on the week to 1955, and Silver to rally 8%, to close at 24.95.

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 17th July	Tuesday 18th July	Wednesday 19th July	Thursday 20th July	Friday 21st July
1000 Orion	1130 BNP Mellon	0600 ASML	1115 Infosys	1100 Regions Financial
1100 Investor	1145 Bank of America	1230 Goldman Sachs	1145 J&J	1159 Autonation
Ocado	1230 Morgan Stanley	Globe Life	1200 American Airlines	1200 AMEX
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
	PNC Financial	Northern Trust	Abbott	HBAN
	Charles Schwab	M&T Bank	The Blackstone	Comerica Inc
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:
	2105 J.B. Hunt	2100 Netflix	1700 SAP	
	Omnicom	2108 IBM	2101 CSX	
		Tesla	2105 Capital One	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0300 BST China GDP, Industrial Production and Retail Sales. Traders will be keen to assess the impact a string of poor economic data releases has had on China's growth (GDP) so far in Q2. Investor patience in the unveiling of the highly anticipated government stimulus package is starting to wear thin, could these economic updates be the catalyst? This release will likely impact local indices, commodities and general risk sentiment. **(Page 2 Oil TA Update)**

0915 BST ECB President Lagarde Speech. As the ECB prepares itself for another hike later this month traders will be listening to President Lagarde for any indication that the central bank is becoming concerned by weaker growth numbers, especially in Germany, the economic engine room of the EU.

Tuesday: 1330 BST CAD Inflation Data (CPI). After a 25bps hike and a hawkish statement at last week's BoC meeting this release will be crucial to determining where the Canadian central bank's policy goes next.

1330 BST USD Retail Sales. Part of this release feeds directly into the next US GDP reading so it has a big impact on US growth. With US consumer sentiment increasing traders will want to see if this is showing up in their spending patterns.



US Tech 100 TA Update:

Having tested support offered by the rising Bollinger mid-average last week, fresh upside acceleration materialised to post new recovery highs and extend the uptrend. Risks are evident to retest 16008 (mid Jan'22 high) even on to 16563 (YTD extreme).

To the downside, it looks as if closing breaks under 15494 (38% retrace Jun 26th/July 14th upside) are needed to expose a deeper decline to 15252 (62% level) even 15063 (July 10th lows).

Wednesday: Tesla, IBM and Netflix Q2 Earnings Releases (See Page 2 for Times). While the stock market rally has been broadening recently technology stocks, particularly 'mega tech', have been the main driver of upside performance. These results could have a big impact on US stock market sentiment next week. **(Above US Tech 100 TA Update).**

0700 BST GBP Inflation Data (PPI/CPI). With the BoE potentially hiking 50bps at their next meeting later in July this release will likely have a major impact on UK indices and GBP's direction next week. Are wage rises keeping inflation at higher levels or are rate hikes starting to do their job? **(Page 4 GBPUSD TA Update).**



GBPUSD TA Update:

Last week's USD deterioration saw upside acceleration in cable, a move that breached 1.2848 (Jun 16th high). While a short term reaction is possible from current upside extremes, evidence points to this as limited before fresh strength emerges to breach 1.3147 (Apr'22 bounce failure high) opening 1.3298 (Mar'22 extreme). **To the downside**, only breaks below 1.2933 (38% retrace Jun 26th/July 14th advance) suggest a more extended decline towards 1.2868 (deeper mid-point) even 1.2804 (62% level).

Thursday: 0215 BST PBOC Interest Rate Decision. Traders are still waiting for more substantial stimulus measures from the Chinese authorities but so far they have only tweaked monetary policy. It is possible the central bank do make another small adjustment but its impact could well be limited.

0230 BST AUD Employment Data. The RBA are on hold again but have stated they are data dependent so this release matters. Traders will be focused on any deviation away from expectations in wage growth and the unemployment rate.

Friday: 0030 JPY Inflation Data (CPI). Japanese CPI is now on the market radar with the BoJ meeting on rates looming large later this month. This release could, if strong, suggest a policy shift from the BoJ, something that some analysts are calling for. The market is rather split on what they will do but this CPI data may tilt the balance either way. **After a big fall in USDJPY from the 145 level only 2 weeks ago, this release could well impact prices further on Friday.**

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.446, June 21st low
- 2nd - 2.325, 62% retrace Apr/Jun
- 3rd - 2.204, June 12th extreme

Resistance

- 1st - 2.674, Bollinger mid-average
- 2nd - 2.747, Last week's high
- 3rd - 2.872, Bollinger upper band

USDJPY:

Support

- 1st - 137.24, Last week's low
- 2nd - 135.51, 62% retrace Mar/Jun
- 3rd - 133.75, April 5th session low

Resistance

- 1st - 140.25, 38% retrace July
- 2nd - 141.17, Mid-point same move
- 3rd - 142.09, 62% retrace July

Germany 40:

Support

- 1st - 16067, Bollinger mid-average
- 2nd - 15931, Mid-point July recovery
- 3rd - 15843, Deeper 62% retrace

Resistance

- 1st - 16289, Last week's high
- 2nd - 16329, July failure extreme
- 3rd - 16436, Bollinger upper band

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