

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment edged lower into the Friday close as traders reduced positions in advance of what is a very important week ahead containing the Federal Reserve, European Central Bank and Bank of Japan interest rate decisions, as well as earnings from some of the big technology giants. Stocks closed slightly softer, while the dollar rallied, and commodities were mixed.

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

Friday data: UK sees unexpected retail sales boost in June

- **UK Retail Sales for (MoM):**
0.7% versus 0.2% expected
UK Retail Sales ex fuel (MoM):
0.8% versus 0.1% expected
- It seems the UK consumer is paying more to buy the same amount of goods as the value of retail sales rises faster than actual volumes.



US Stock indices closed with minor losses on Friday, although only the US Tech 100 finished down across the 5 day trading period, hurt by disappointing earnings from Tesla and Netflix after the close on Wednesday. The US Tech 100 ended Friday down 0.25% at 15,554 (-0.7% on the week). The USA 500 closed flat at 4,564, which was a 0.7% gain on the week, helped by rotation out of technology stocks into the broader market. **(Page 3 USA 500 TA Update)**. **In Europe**, the UK 100 was the standout performer, gaining 0.3% on Friday to close at 7,664, a 3.5% gain on the week.

The US Dollar Index recovered strongly after hitting fresh 15 months lows at 99.20 on Tuesday to close at 100.77, a gain of 1.2% on the week, as traders reduced weak short positions ahead of next Wednesday's FOMC decision. USDJPY was the main beneficiary of dollar strength, gaining 2.2% to close at 141.77. **(Page 4 USDJPY TA Update)**.

The US 10 Year Yield had a relatively quiet week, trading between, lows at 3.74% and highs at 3.87% before settling down to end the week flat at 3.84%. The interest rate sensitive 2 Year Yield jumped 15bps higher to close at 4.85% as traders covered positions in anticipation of fresh inputs from Fed Chairman Powell on Wednesday.



Gold TA Update:

Last week's advance failed at 1987 (mid-point May/June sell-off) from which a setback developed. While weakness can continue initially, if support at 1952 (38% retrace Jun/Jul strength) remains intact, downside potential appears limited before fresh strength. This can see 1987 retests again, with closing breaks a trigger towards 2009 (higher 62% retrace). **To the downside**, moves below 1952 point to a deeper decline to 1935 (Bollinger mid-average) even 1930 (deeper 62% retrace).



In commodities, Gold briefly hit a 2 month high at 1987 before closing back lower at 1961, a gain of 0.4% on the week, as traders took profits on the recent rally, and a higher dollar hit sentiment. **(Above Gold TA Update)**. Elsewhere, Copper fell 2.6% on the week to close at 3.8175 as weaker China data on Monday weighed on prices. In the energy space, Oil registered its fourth week of gains, rising 2.1% to close at 76.78, while Natural Gas rallied 6.8% to 2.722, both impacted by a tightening of supply.

**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 24th July | Tuesday 25th July | Wednesday 26th July | Thursday 27th July | Friday 28th July |
|--|---|---|--|--|
| 0600 Philips 0600 Icade 0630 KPN | 0700 Unilever 1130 General Motors 1230 Verizon | 0715 Rio Tinto 1155 Coca Cola 1230 Boeing | 0600 Mercedes-Benz 1200 McDonald's Amazon | 1130 ExxonMobil 1155 P&G 1330 Franklin |
| Before Market Opens: | Before Market Opens: | Before Market Opens: | Before Market Opens: | Before Market Opens: |
| | Spotify Biogen | AT&T Hilton | Mastercard Avient | Chevron Colgate-Palmolive |
| After Market Closes: | After Market Closes: | After Market Closes: | After Market Closes: | After Market Closes: |
| 2105 F5 2105 Whirlpool 2115 Liberty Global | 2110 Snap Alphabet Microsoft | 2105 eBay 2105 Western Union Meta | 2105 Roku Intel First Solar | Gentex |

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: Global Preliminary PMI's (AUD, JPY, EUR, GBP and USD). These releases will provide traders with a health check on economic activity across the major developed economies. Manufacturing activity has continued to labour in contraction (below 50) for some time now while Service activity has been the main driver of growth (above 50). Any changes to these outlooks will impact sentiment.

Tuesday: 1500 BST USD Consumer Sentiment. Recent data has showed confidence improving and this isn't something that the Fed wants to see as it tackles inflation, as it may mean US consumers get used to paying higher prices.

Alphabet, Microsoft Q2 Earnings. After last week's wobble in technology stocks after the Tesla and Netflix earnings updates, these reports, alongside Amazon (Thursday), will have a big impact on all indices next week. Traders will be looking for updates on how AI technology is transforming revenue and whether it can sustain the current high stock valuations for these companies.



USA 500 TA Update:

Positive trending conditions continue to dominate with new recovery highs posted (4609). While Thursday/Friday did see a setback, there is no evidence of a negative sentiment shift, suggesting while 4535 (38% retrace July strength) remains intact, upside extension is possible towards 4631.00 (March 2022 high).

To the downside, it will be 4535 closing breaks that expose a deeper decline to 4511 (mid-point) even 4488 (62% level).

Wednesday: 0230 BST AUD Inflation Data (CPI). A vitally important release for the RBA who have an interest rate decision to make in just 10 days time. After a pause at their last meeting this update could tip the balance in favour of another hike.

1900/1930 BST FOMC Interest Rate Decision and Press Conference. Markets are expecting a 25bps hike as that is what the Fed has indicated but what is less certain is the committee's thoughts on further hikes in September, alongside their views on the health of the US economy. This release will impact all markets. **(Above USA 500 TA Update).**

Thursday: 1315/1345 ECB Interest Rate Decision and Press Conference. Expectations are for another 25bps hike from the ECB but traders are less sure about what comes next after some ECB members have recently started voicing their concerns on how weak growth is in the Eurozone. With this in mind, the tone President Lagarde sets at the press conference will be critical to all markets.



USDJPY TA Update:

Having tested support at 137.34 (mid-point Mar/Jul upside), last week saw a sharp recovery leaving USDJPY within striking distance of 142.14 (62% retrace Jun/Jul sell-off). This will be the focus to start the new week, with confirmed breaks a further positive to open up potential gains to 142.99 (Jul 10th high), even 145.06 (Jun 30th extreme), if this gives way. **To the downside**, breaks below 140.90 (half Friday's range) while not an outright negative, can see retests of 139.63 (half July strength).

1330 BST USD Gross Domestic Product. Depending on what Chairman Powell says at the FOMC press conference the night before this release could garner some market moving headlines if it deviates from expectations.

Friday: 0400/0700 BST BoJ Interest Rate Decision and Press Conference. Reports on Friday suggested that the BoJ will review monetary policy at this meeting but are unlikely to change anything, and this sent USDJPY 2% higher on the week. If true, it could well see USDJPY extend gains further, however the BoJ have been known to surprise and if they did tweak policy it could have an outsized impact on USDJPY downside. **(Above USDJPY TA Update).**

1330 BST USD PCE Inflation. This is the Fed's preferred gauge of inflation and so usually impacts markets depending on how far it deviates from expectations. It could be a nervous end to an event heavy week that could set the tone for the rest of the summer.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.673, Bollinger mid-average
- 2nd - 2.484, Last week's low
- 3rd - 2.446, June 26th extreme

Resistance

- 1st - 2.824, July 2nd high
- 2nd - 2.855, Bollinger upper band
- 3rd - 2.932, June 26th extreme

EURUSD:

Support

- 1st - 1.1107, 38% retrace July upside
- 2nd - 1.1043, Bollinger mid-average
- 3rd - 1.1003, Deeper 62% retrace

Resistance

- 1st - 1.1192, Half last week's sell-off
- 2nd - 1.1275, Last week's high
- 3rd - 1.1385, Late Feb'22 high

US Tech 100:

Support

- 1st - 15408, Bollinger mid-average
- 2nd - 15304, 62% retrace Jun/Jul
- 3rd - July 10th session low

Resistance

- 1st - 15789, Half last week's sell-off
- 2nd - 16060, Last week's high
- 3rd - 16563, 2022 high trade

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