



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** strengthened into the Friday close as another round of US economic data showed key gauges of inflation easing while Americans grew more optimistic about the economic outlook, increasing trader hopes that the US could avoid a recession. Stocks and commodities rose, while bond yields and the dollar slipped from weekly highs.

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

### Friday data: Key US inflation measure cools in June in boost for soft landing

- **Core PCE Inflation Index (YoY):**  
4.1% versus 4.2% expected  
**Personal Spending:**  
0.5% versus 0.4% expected
- Fed's preferred inflation metric cooling to 2021 pace and stronger consumer spending increased optimism for a soft landing for the US economy.



**US Stock indices** all rallied strongly on Friday led by gains in mega cap stocks, with Meta and Tesla both jumping more than 4%. This helped the US Tech 100 to rise 1.8% and close at 15,844, it's highest level in over a week, while the USA 500 rallied 1% to close at 4,606. **(Page 3 US Tech 100 TA Update).** **In Europe,** the Germany 40 hit a new high for 2023 at 16,575, before settling down to close at 16,547, a gain of 0.5% on Friday and 1.8% on the week, supported by hopes that the ECB may pause interest rate hikes at its September meeting.

**The US Dollar Index** rose for the second week in a row to close at 101.44, a gain of 0.6%, as traders reacted to stronger US economic data. EURUSD was the main casualty of dollar strength, falling 1% across the week to close at 1.1023, but not before hitting a new two week low at 1.0943, as the ECB increased speculation of a pause in hikes after its meeting on Thursday.

**US 10 Year Yields** rose steadily across the week to hit a high at 4.03% on Friday before drifting back lower to close at 3.95%, as traders reacted to the weaker US PCE Inflation data **(above)**, a gain of 11bps across the five day trading period.





#### Oil TA Update:

Positive themes continued to emerge as new recovery highs were posted to maintain the uptrend in place since 66.78 (Jun 12th lows). Risks remain to 83.51 (Apr 12th high) which appears a stronger focus, although breaks are a potential, to challenge 90.08 (Nov 13th extreme).

**To the downside**, moves below 78.04 (38% retrace latest upside) suggest a deeper correction risk towards 76.44 (deeper 62% level) possibly 75.49 (Bollinger mid-average).



**In commodities**, Oil was the standout performer on the week, rising 5% to close at 80.64, its first close above \$80 since April. Tightening global oil supplies and speculation that the Fed may be nearing an end to its rate hiking cycle helped oil see gains for the fifth week in a row. **(Above Oil TA Update)**. Elsewhere in precious metals, Gold (1959, -0.2% on week) and Silver (24.34, -1.1% on week) fell, while Copper jumped 3% to close at 3.9322, which is the top of its recent 6 week range.

## 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 31st July	Tuesday 1st August	Wednesday 2nd Aug	Thursday 3rd August	Friday 4th August
<b>1100 Lowes</b>	<b>1130 Caterpillar</b>	1130 Clear Secure	1155 Hyatt	0600 Commerzbank
1100 CNA Financial	1130 Merck	1150 Waters	1300 Kellogg	0600 LANXESS
Pearson	<b>1200 Marriott Int.</b>	1200 Teva	Rolls-Royce	1230 Dominion
<b>Before Market Opens:</b>	<b>Before Market Opens:</b>	<b>Before Market Opens:</b>	<b>Before Market Opens:</b>	<b>Before Market Opens:</b>
ON Semiconductor	Lear	<b>Fidelity</b>	Moderna	AMC Networks
Appellis Pharma	Ecolab	<b>Kraft Heinz</b>	Planet Fitness	Fisker
<b>After Market Closes:</b>	<b>After Market Closes:</b>	<b>After Market Closes:</b>	<b>After Market Closes:</b>	<b>After Market Closes:</b>
Hologic	1205 Virgin Galactic	2105 Robinhood	<b>2101 Amazon</b>	
Sonoco	2115 AMD	2115 MGM	<b>2130 Apple</b>	
Western Digital	Micro Strategy	PayPal	Airbnb	



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 0200 BST China Manufacturing and Non-Manufacturing PMI's.** While Chinese leaders talked of further support for the flagging economy last week, helping local stocks to outsized gains, these releases are expected to show further declines in economic activity. Therefore any positive upside surprises could improve risk sentiment and help support key commodities, like oil and copper.

**1000 BST EUR Preliminary Inflation Data (HICP) and GDP.** Last week the ECB surprised traders by saying future policy decisions were data dependent which supported European indices and saw EURUSD fall. For these reasons these inflation and growth updates are key to what the central bank does next at their meeting in September.

**Tuesday: 0530 BST RBA Interest Rate Decision.** This is a big meeting for AUDUSD traders with markets pricing only a 20% chance of another 25bps rate hike from the Australian central bank. After a 1.3% fall to 0.6665 last week, this meeting could determine if further falls are likely, or if a reversal is on the cards.

**1500 BST USD ISM Manufacturing PMI.** Traders are coming round to the view that the US economy is stronger than most of its peers in the developed world and will look at this release to either support or contradict that view. Definite implications for US stock markets and the dollar. **(Below US Tech 100 TA Update).**



### US Tech 100 TA Update:

Recent consolidation activity was extended last week, and pressure continued to build on 15549 (Bollinger mid-average). This remains the focus, as closing breaks skew risks towards a deeper sell-off to 15063 (Jul 10th low) even 14822 (38% retrace Apr/Jul strength).

**However,** while the average holds, this remains a positive trend, with potential to retest even breach 16060 (Jul 20th high).

**1500 BST USD JOLT's Job Openings.** The start of the US employment readings throughout the week, building into Friday's Non Farm Payrolls. The Fed are focused on employment and this print can impact all markets next week.

**Wednesday: 1315 BST USD ADP Employment Change.** This is private sector employment in the US and similar to the JOLT's release, above, can impact traders thoughts ahead of Friday's key employment release.





#### GBPUSD TA Update:

After failure to breach 1.3147 (Apr'22 bounce failure high) deterioration has materialised, especially as last week saw closes below 1.2827 (38% retrace May 25th/Jul 14th upside). This suggests potential for deeper retracement with 1.2728 (mid-point) even 1.2629 (62% level) tests possible. **To the topside**, price gains above 1.2920 (Bollinger mid-average) are needed to resume upside back to 1.2995 (Jul 27th high) even 1.3141/47 (Apr'22 and Jul 14th highs).

**Thursday: 1200/1230 BST BoE Interest Rate Decision and Press Conference.** This is a big release for all UK assets as, despite recent falls in inflation, the overall rate remains well above the central bank's 2% target. Also political pressure is growing as fears increase that higher rates may push the UK economy into an unnecessary recession. Markets are pricing another 25bps increase, but then what next? Governor Bailey's comments at the press conference will be crucial. **(Above GBPUSD TA Update).**

**Apple and Amazon Q2 Earnings.** While the recent rally in stocks is broadening to other sectors, the direction of the mega cap stocks still dominates sentiment across all markets. These results and forward guidance will impact all US stock indices. **(Page 3 US Tech 100 TA Update).**

**Friday: 1330 BST USD Non Farm Payrolls.** The unemployment rate and average hourly earnings parts of this release will be critical for the next move from the Fed in September. If the unemployment rate doesn't start moving higher then another 25bps hike could be on the cards. A huge release for all markets.

## Key levels the Corellian mentors are focused on

#### Natural Gas:

##### Support

- 1st - 2.484, July monthly low
- 2nd - 2.446, June 26th extreme
- 3rd - 2.326, 62% retrace Apr/Jun

##### Resistance

- 1st - 2.652, Bollinger mid-average
- 2nd - 2.788, July 20th high
- 3rd - 2.932, June 26th extreme

#### Gold:

##### Support

- 1st - 1948, Bollinger mid-average
- 2nd - 1930, 62% retrace Jun/Jul
- 3rd - 1903, July monthly extreme

##### Resistance

- 1st - 1965, Half latest sell-off move
- 2nd - 1987, July 20th high
- 3rd - 2009, 62% retrace May/Jun

#### Germany 40:

##### Support

- 1st - 16335, Half latest upside move
- 2nd - 16145, Bollinger mid-average
- 3rd - 16056, Mid-point July

##### Resistance

- 1st - 16576, Last week's high
- 2nd - 16744, Upper Weekly Bollinger
- 3rd - 16885, Trend connecting 2023 highs



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